

## Create Shared Value - A Win-Win Business Model

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### ABSTRACT

Creating shared value is a framework created for enhancing economic value for the organization while simultaneously meeting the needs of the society and its challenges. This paper aims in providing structural framework of shared values and also key measures taken by various organization. This articles emphasis on adoption of shared values and its impact on enhancing the environmental performance, Stakeholder's health, nutrition, affordability in meeting the basic requirements of stake holders and also measures in improving societal wellbeing.

**Keywords--** Creating Shared Value, Business Models, Tata Motor, Bendigo and Adelaide Bank, Britannia's Tiger Biscuits, CSR vs CSV

sharing the value created so as to create social value and CSV is that the process of change of the relation between a firm's outcomes and inputs that generates social value. In a nutshell, this can be concluded as economic value creation through creating social value. Author provides arguments revealing the understanding of differences between the notions of CSV and CSR requires adopting the concepts of economic and social value. It is expected that the findings of this study will function a reliable basis for further discussion and CSV concept development. Dr Piotr Wójcik (2016).

Author points out there are many innovative and unique ways to incorporate a shared value business model. Shared value can "drive subsequent wave of innovation and productivity growth within the global economy because it makes managers' to focus on immense human needs that has got to be met and also large new markets to be served. therefore, the internal costs of social deficits also because the competitive advantages available from addressing them" Renata Mrema (2018).

Researchers attempted to make conceptual presentation regarding shared value strategies propagated by Michael Porter and Mark Kramer. Authors analyzed a case study. Author concludes that the case study does qualify as a shared value strategy, more precisely as a case of redesigning productivity in the value chain. In this case study researcher creates some evidence for shared value strategies; however, some more empirical research is required to generalize the results. Finally, the socio-eco-efficiency analysis offered by Fundac,ãEspac, Eco creates a differentiation strategy for BASF in Brazil. The work enables BASF's clients to scale back negative impacts while increasing their financial, social and environmental performance. Heiko Spitzeck and Sonia Chapman (2012)

### I. INTRODUCTION

Shared value is a management strategy by adapting to this companies find business opportunities in social problems. 'Giving Back' to the society is the main focus of the corporates, while earning the profits. Through the shared value, corporates focus to maximizing the competitive value of providing a solution to the society

This concept was Coined in 2011 by professors Michael E. Porter and Mark R. Kramer of Harvard university This concept focuses on the thought "By redefining their business purpose, companies could bring business and society back together. This is done by creating 'shared value' or generating value during a way that also produces value for addressing societal challenges". Porter, M.E. & Kramer, M.R. (2011).

When compared to the standard CSR model, the businesses very often add plans committed actions in everyday operations, shared value encourages businesses to a more thoughtful approach from the get-go. In this sense it's far more proactive, instead of reactive.

### II. REVIEWS OF LITERATURE

In this research Author contributes to the concept of making shared value (CSV) from corporate social responsibility (CSR). This study provides a preliminary outline for CSV analysis. CSR comes right down to

### III. OBJECTIVES

1. To explore the concept of the Creation of Shared Values (CSV).
2. To identify its models and application

### IV. RESEARCH METHODOLOGY

**Scope of the Study**

1. Research articles emphasis on adoption of shared values may enhance the performance of organization on various parameters.
2. Researcher developed the article based on qualitative method to deliver the concepts of Creating Shared Values using business models.

**V. SOURCE**

The data source was secondary. The data and information were taken from various website, video tapes and research paper on Creating Shared Values.

**VI. CREATING SHARED VALUE: CONCEPTS AND PURPOSE**

**Creating Shared Value (CSV) Definition**

Creating Shared Value concept, first begin with Porter and Kramer’s definition, “You create shared value by enhancing the competitive position of a corporation while at an equivalent time advancing the society in which it operates”.

Shared Value strategy concept is looks at the positive sum. In other words, certain strategic choices will strengthen the business strategy and at the same time offer benefits for society. When an organisation plans some beneficial activities to the society they thrive in the society and also gains in their business. Create share value looks into the companies’ activities that gives a competitive advantage, through this support the society to improve their standards.

**Understanding the Purpose**

**Table: 1**

MEASUREMENT FOCUS	WHAT TO MEASURE?	WHY MEASURE?	FOR WHOM?
Shared Value	Joint business and social value creation	Grow the total shared value created	Primarily for management.
			Communication to external stakeholders
Sustainability	The use of input factors and improved product and community impacts.	Reduced negative externalities and enhance positive influences	Management
		Obtain a license to operate	Communicate with peripheral stakeholders
Impact Assessment	The long term social and economic development impacts of operations and/or philanthropy	Track progress on social and economic development impact	Communication to external stakeholders
		Maintain a license to operate	
Reputation	How societal impacts contribute to company reputation	Manage reputation	Primarily for management
Compliance	Compliance with laws and voluntary policies, standards, and codes	Ensure adoption and compliance	Management
		Maintain a license to operate	Communication to external stakeholders

**VII. DIFFERENCE BETWEEN CSR & CSV**

- CSR is doing good, whereas CSV is being good.
- Companies could bring business and society back together if they redefined their purpose as creating ‘shared value’ generating economic

value in a way that also produces value for society by addressing its challenges. Compared to the standard CSR model where businesses very often add responsible actions into their everyday operations, shared value encourages businesses to require a more introspective approach from the get-go. In this sense it's far more proactive, instead of reactive.

- CSV provides positive approach to business in society where as CSR gets regularizing stance.
- CSR detached from strategy framework in contradict shared values involves strategy analysis.
- CSR indirectly shouldering by sacrificing the profits in the social interest by sharing the economic value created. On the other hand, CSV includes those social concerns (issues) which relate to the company's core business in the business model (creating economic value through creating social value)
- Social Responsibility drives company's actions are by externally (i.e., by external pressure), whereas the social value company's actions are driven internally (i.e., managers are economically motivated to seek for uncontested space of social issues to address)

**Pros and Cons of the Shared Value Concept**

Any concepts or a model there will be two paths like strengths and weaknesses. Both has to be critically examined and measured equally before applying in the real time scenarios. By doing this organisation can expect the shortfall or positive outcomes. Here are some of the strengths and weakness discussed –

**The Strengths of the Shared Value Concept**

The shared value concept has clear strengths as a concept competing for attention amongst the practitioners and academics. One of its critical strengths', an unequivocal elevation of social goals to a strategic level. CSV has a clear strength towards the business and society field. A responsible behavior is pronounced to the government. And also, adds rigor to ideas of 'conscious capitalism' and provides an umbrella construct for loosely connected concepts

**The Weaknesses of the Shared Value Concept**

Despite its strengths, the shared value concept and its framing is undermined by a number of critical shortcomings. Revealing the lack of novelty of CSV. Finally, CSV not as a solution to problems of entrepreneurial, but as a symptom of an approach to management scholarship that is itself endemic to the current failings of the capitalist system.

**Level of Shared Value Illustrated by Results**

**Table: 2**

LEVELS OF SHARED VALUE	BUSINESS RESULTS	SOCIAL RESULTS
Reconceiving product and markets:	Increased revenue	Improved patient care
How targeting unmet needs drives incremental revenue and profits	Increased market share	Reduced carbon footprint
	Increased market growth	Improved nutrition
	Improved profitability	Improved education
Redefining productivity in the value chain:	Improved productivity	Reduced energy use
How better management of internal operations increases productivity and reduces risks	Reduced logistical and operating costs	Reduced water use
	Secured supply	Reduced raw materials
	Improved quality	Improved job skills
	Improved profitability	Improved employee incomes
Enabling cluster development:	Reduced costs	Improved education
How changing societal conditions outside the company unleashes new growth and productivity gains	Secured supply	Increased job creation
	Improved distribution infrastructure	Improved health
	Improved workforce access	Improved incomes
	Improved profitability	

**Pragmatic Approaches for Measuring Shared Value**

Measuring shared value builds on well-established practices in business that connect strategy to execution and performance management. Need to capture community results and the impact on business results. This also adds additional complications and challenges. Organizations are moving towards the realistic approaches to handle these challenges.

- **Challenge #1:** Social Issues Could Be Addressed and Measured. Identify and measure the high-priority social results that the shared value strategy needs to be addressed
- **Challenge #2:** Determine social outcomes early in the product development process and select measurable social outcomes.
- **Challenge #3:** Business Value Accrues on a Different Timeline Than Social Value Measure intermediate social outcomes.
- **Challenge #4:** Using proxy indicators to track business Results and Measuring Business Value for Cluster Investments

- **Challenge #5:** Determining a Company’s Attribution When Strategies and Activities Require the Efforts of Many Partners and Focus measurement of social results on contribution, not attribution.

- **Challenge #6:** Management Desires an Aggregation of Social Impact, Data Aggregate results selectively and only for the same social outcomes.

**Business Model for Shared Value Creation**

A business model for shared value (BMFSVC) describes an organizations’ value proposition to its stakeholders. How value proposition is created and delivered, and how it captures economic value while maintaining or regenerating the different capitals of the communities it operates.

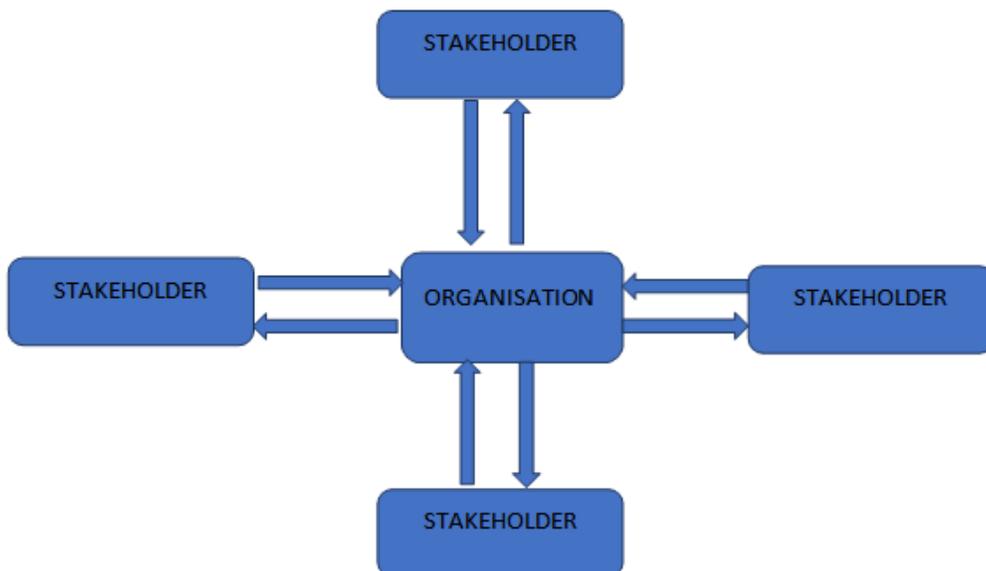
“We cannot solve our problems with the same level of thinking that created them,” Einstein said.

With every innovation effort, business model design starts with idea generation and opportunity recognition.

**Image 1: Traditional Image of Organisation**



**SHARED VALUE PERSPECTIVE**



To act on such opportunities, organisations’ need a different level of thinking, than that used in the traditional business models. Traditional understanding of business models relies on an image of the organisation that is rooted in the assumptions of the old industrial economy

and that understands value as the delivery of benefits to customers and monetary returns to the organisation.

Shared value challenges some of these ideas. (1) value beyond benefits to customers and monetary rewards

to the company; (2) sharing value, beyond customers and the company.

## VIII. CASE STUDY

### *Tata Motors*

Tata Motors Limited one of the Indian owned largest automobile manufactures. They are the fourth largest truck and bus manufacturer worldwide, in India Tata Motors are pioneers in the commercial vehicle segments.

### *Situation*

Across the country industries faces many challenges, among them the common issue is the skilled labours, Tata Motors is not exempted from this. The trucking industry also faces immense challenges in the form of skilled labours. Finding and retaining reliable, persons are the key challenges. Adding pressure to the situation the National Skills Development Corporation (NSDC) also predicted the supply-demand gap to worsen in coming years.

Currently over 20 lakh vehicles were idle due to lack of drivers, at the same time the industry was in need of over 50 lakh drivers from current decade (2010-2020) to fulfill the requirements of the industry's growth. But the situation here would be the Industrial Training Institutes (ITIs) across India only produce 20,000 drivers per year. Even the numbers are very less the additional challenges faced by the corporates were, the shortage of resources and also the lack of skills and safety measures towards the drivers are alarming. Due to the undertrained drivers, they can face frequent accidents and due to this they often face fatal.

India has the highest road fatalities in the world with 120,000 deaths annually. Seventy-eight percent of these deaths occur due to driver error, with the largest number of fatalities (24%) involving commercial trucks. Tata Motors identified the supply of trained drivers as a vital link in their value chain as their customers' future growth depends on the ability to find qualified drivers and not on purchase of additional trucks. Tata indicates that the driver shortage could slow down the growth in commercial vehicle sales from 25% to 20% - at a time when expanded, improved highways systems should bring booming growth to the industry.

To reduce road accidents and fatalities and positively impact society, Tata has decided to improve the quality and safety of drivers. To meet the needs, they have to produce better trained drivers, Tata set the aggressive target to train 3.4 lakhs drivers a year for next ten years.

### *Approach*

In order to avoid fatal and provide safety for the truck drivers and initiate awareness towards roadside safety across India, Tata designed and implemented a fee-

based driver training course. This initiative was the first program that was closely aligned with Tata's business of manufacturing trucks and built the cluster surrounding the industry of truck manufacturing, shipping, and logistics.

The fee-based driver training was designed as part-time across 45 days' time to allow trainees to maintain employment during training. Tata developed the course was deployed in the format of train the trainer. In order to scale and achieve the desired target in a decade, Tata partnered with its dealers, the government, and non-profits to implement the program across co-branded training centers.

This has worked particularly well with the 21 government ITIs Tata adopted and provided trainer trainings to improve the program quality. They targeted an additional 100 ITIs for adoption in the coming years.

### *Implementation Lesson Learned*

This is one of the private sector's largest contributions to skills development in a relevant, quality training program. However, private companies oftentimes lack the resources to scale quality programs on their own. With the support of government and NGOs to enhance the program content of existing ITIs, Tata successfully leveraged its core competency of relevant content development and achieved scale by building on the existing ITI infrastructure.

### *Results*

As a result of the program Tata first trained over 500 students in driving and motor mechanics, with capacity being expanded to handle 25,000 students over six years (2012-2015). Tata's model illustrates that in order to solve workforce development issues at a national level, efforts must be jointly led by the private sector, government, and NGOs. By providing funding and its industry knowledge to develop a high-quality curriculum, Tata is actively building upon the foundation of existing ITIs to improve the quality and scale of their offerings. As skills shortages are faced across many industries in India, this public-private partnership model for training is becoming a win-win solution: industry gets appropriately trained workers and many defunct ITI centers are successfully turned around or further scaled up.

### *Bendigo and Adelaide Bank*

Community Bank model can quickly announce its presence in the society through the effective implementation of shared value.

### *The Opportunity*

In 1998, thousands of branches were closings in rural areas and small suburban communities by banks across Australia. In the name of 'the Community Bank', Bendigo and Adelaide Bank partnered with local communities to create a new "shared value" model. This model gives local communities a new opportunity to start a

community owned company that will operate a branch in partnership with Bendigo and Adelaide Bank.

The primary aim of the corporate is to create, the Shareholders of the community company are required to have a “close connection” with the serviced community, and broad-based ownership is encouraged to individual interest to maximum of 10%. Through this model, the Bank started to leveraging with the bank’s infrastructure and expertise for the self-selecting communities to run their own branches as franchisees model. Branches started gain through communities’ reinvestment from the revenue for their long-term growth. They begin to provide financial services to the community members.

The bank’s unique Community Bank model is, created with the slogan of, “Good for business, Good for community”. Banks adapted new approach to commence any new branches, they also fixed criteria for the investment, sustainability assessment and potential growth by looking at initiatives among the community, and support from the community to the local branches with their contributions along with the support to the business. This is the way they started to become leading example of CSV in practice.

#### **The Strategy**

The Community Bank model is an idea of creating an alternative approach for providing financial services to rural and smaller metropolitan communities.

The main aims of the Community Bank model implemented by the Bendigo & Adelaide Bank are -

- Participating communities to get branch banking services.
- They should manage the capital generated locally in a better manner and should serve for the growth of the local economy.
- Share the rewards to the shareholders by the form of dividends and
- To avoid the closure of branches in rural areas and small suburban communities.

Each branch was named as “Bendigo Bank” and they allowed to operates as a franchise of Bendigo and Adelaide Bank, using the system of operations of Bendigo and Adelaide Bank. With this mode of operation, they wish to provide returns to shareholders through dividends promoting long term growth. The model has been highly successful for Bendigo and the franchise model is easily replicated and scaled. The bank could sustain through this model and expand their venture over 860,000 customers in over 320 community-led branches across Australia. The main high light of the success is 20 percent of the branches are in areas where there is no other such branches or banking form of business presence available.

#### **Lessons Learned, Challenges and Outlook**

The core essence of the model and concept is sharing the responsibilities and rewards between the

community and the bank. Across Australia communities started showing interest in supporting banks with initial capital, for the branch success.

When this concept was interduce, the curiosity creeped, how the Community Bank concept has secured face-to-face banking services for local communities. Stimulation and confidence among the local leaders enabled due to high concentration towards the commercial activities.

#### **Results**

##### **Social Outcomes**

- Across Australia 860,000 and more customers in over 320 community-led branches. The main high light of the success is 20 percent of the branches are in areas where there is no other such branches or banking form of business presence available.
- Volunteer Directors of local community companies were over 1950 across the 1590 branches.
- Reinvested \$229 million in Australian communities since 1998, including more than \$24 million in the year 2018-2019, through leveraged funding more than doubled, bringing the total value of community projects to almost \$58 million
- 75,000 local shareholders earned about \$58 millions of dividends

##### **Business Outcomes**

- Community Bank branches generated over \$39.2 billion in total business at the end of FY2019
- Since the year 2015 the average growth rates was 6.7 percent.

#### **Britannia’s Tiger Biscuits**

Britannia is a large biscuits and other food manufacturing company in India with annual turnover of 118.8 billion INR.

##### **Situation**

Estimations specifies, nearly two out of every three Indian young population hurt with anemia. This results in fading energy and ability to focus in school. Due to deficiency of iron contents is not a visible sickness. These problems are not aware, among the parents and educators, hence these diseases are not treated properly. Malnutrition, along with vitamin and mineral deficiencies, can become costly to India leading to healthcare costs of 2-3% of GDP and costs of low productivity of 3% of GDP.

##### **Shared Value Approach**

Britannia created its Tiger product line to act on the health issues. In this response Britannia introduced Tiger biscuits, the main aim of these plans is low-cost, designed to appeal to children, and fortified with iron.

Britannia complements the product line with advertising and public health campaigns to improve

awareness and increase the social and business performance of Tiger products.

Rural villages often lack access to mass media, so Britannia supports local efforts to educate rural populations on childhood iron deficiency. The mass-media promoting, more weighted toward issue awareness than brand promotion.

#### **Implementation Lessons Learned**

The Research & Development of Britannia in partnership model with the Naandi Foundation and the Global Alliance for Improved Nutrition (GAIN). These organizations together aim to target 150,000 children in the state of Andhra Pradesh through Naandi's midday meal program.

#### **Results**

From the beginning of 1997 the largest production of Britannia was Tiger biscuits and this is India's second most known biscuit. Tiger biscuits yield only fewer margins in compare with other Britannia products. They accept lower margins to achieve higher volume, increase access to Tiger biscuits, to penetrate market.

Since the year 2009, a pilot survey started in North Delhi, between Britannia and the Navjyoti India Foundation found that consumption of fortified Tiger biscuits, in combination with treatment for hookworms. This help to raise the iron levels more of more than 300 anemic children by an average of more than 25 percent in 90 days.

## **IX. CONCLUSION**

The purpose of creating shared value, not just profit per se. Most of the companies around the world unaware of the opportunities that shared value provides in the improvement in their business. Despite its complexities, the pathway to shared value measurement is proved through the examples stated above. The following methodology if it is adopted by organisation may derive the next wave of innovation and productivity in global economy. The first and foremost duty of companies is to emphasis on integrated shared value process and focusing on measurement activities and validates the results and improvise shared value strategies. The next step is to establish a direct link between social needs and the business needs and understand the methods to unlock additional value creation. Third, measurement should assess the cost efficiency of current and future efforts. Fourth, organisation must clearly distinguish shared value measurement in terms of compliance, sustainability, and impact assessments. The last step, companies must adopt pragmatic approaches to steer the shared value measurement challenges. Positive changes of such

practices will also reshape the relationship to society, and legitimize business again as a powerful force.

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