CSV-Balance and Single Value Focused

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Abstract

CSV concept created by Porter and Kramer (2011) has innovated stakeholder argument as remark when all of the stakeholders including society recognize the value creation; an economic value will be sustainably generated. After shared value creation is adopted in a wide range of business operation, customer service, ordering from suppliers and employment, there has been revealed and empathy into the creation of social value and financial value. Nevertheless, to utilize this principle into the practicing, there has been different and also implicit in an initial intention. Hence, this paper proposes the explanation and comprehension of the core concept of CSV-balance and single value focused which these remark as the beginning of a remarkable contrast thinking and enlighten the differentiation of business management.

Keywords: Creating Shared Value, CSV-Balance Orientation, CSV-Single Value Focused, Profit Opportunity Focused, Altruism Focused

Introduction

Backward to the financial crisis in 2007-2008 has the impulse to the suspicions on the business mechanism (Kaletsky, 2010; Pirson et al., 2010) at the same time; business was forced to realize an orientation of society and environmental (Jackson and Nelson, 2004). Ever since Porter and Kramer (2011) has defined CSV concept that suggested the corporation to rethink of financial value creation by tackling social value which conducted capitalism to address a social issue and driving corporation as socially embedded. Moreover, they have emphasized to balance social and financial value creation can enlighten into social entrepreneurs that established to open mindset and competitive opportunities for building shared value creation.

Inherently, CSV concept created by Porter and Kramer has innovated stakeholder argument as remark when all of the stakeholders including society recognize the value creation; an economic value will be sustainably generated. After shared value creation is adopted in a wide range, there has been revealed and empathy into the creation of social value and financial value. As Porter and Kramer have entailed balancing orientation strategic, the consequences can be regarded social entrepreneurs as a model of shared value creation, (Alter, 2006; Pirson, 2008). However, the shared value idea possibly seemed as marketing as such rebranding the stakeholder management as well (Rangan et al., 2007) when social and financial-value creation have been valued as the proposition to the new redefine.

Blueprint of CSV in Business

Much of the current improvement on doing business, business is more attractive to contribute social value and has been motivated and responded in the public interest. Most scholars have revealed several theories to interpret this mentioned role of business in the term of social enterprise elevating to clarify the strategy including the whole of organization behavior (Dacin et al., 2010; Elkington and Hartigan, 2008; Porter and Kramer, 2011). Social enterprise is involved dealing with business activities and creating social value as well as Porter and Kramer (2011) concerned the overlap as shared value creation and becoming to enhance the development of business blueprint. Consequently, social enterprise is impacted the traditional role of business which has veered to the interplay of thinking and practice. There has been some focusing description that it was developed to embed the purpose of business depending on the entrepreneurs’ mission. In particularly, the newly founded businesses are necessary to assign or address the societal needs which have seen the blueprint encourage setting mission including strategies for running a business. When the social value is
changed, business practice affecting social and economic goals will be recognized and investigated, regard to social agenda is a necessary condition for social value creation. It seems related to the suggestion of Dacin et al. (2010) who claimed that there is no boundary and fixed of social entrepreneurship operation. In addition, to clarify the condition for shared value creation has contributed to balance orientation which commonly is financial and social creation based on profit opportunity and altruism focused, and then creating shared value with single value focused that will be reviewed to concentrate on single value mission by relying on the opportunity of the creating shared value.

Figure 1: Illustrate the condition for shared value creation.

1) CSV-Balance Orientation

Porter and Kramer (2011) have constructed the redefined of balance financial and social creation that by highlight the corporation can insist the competitive owing to convert social issue into tangible business opportunities using capitalism to address social problems. It can be seen as Freeman (1984) suggestion of stakeholder management is a term of equilibrium the company’s goals. The CEOs are interested in the stakeholder perspective therefore, it has been in a sense as they should concentrate to balance a multiple of interests those are critical to business management. In other instance, Friedman (1970) has revealed that the purpose of business is business thus profit is a goal and the social responsibility of business whereas it is empathy with the purpose of increasing ethical and governance concerns and then prohibit breaking laws or social norms. Thus creating shared value aims to the awareness of balanced orientation simultaneously business able to emphasizes stakeholder concerns. Moreover, conceptualization of balance orientation can encompass to corporate social responsibility that has proposed to create sustainable value by the development of multiple bottom lines such social and financial along with environmental. Despite CSV concept has been appropriately reviewed by Porter and Kramer (2011), this reviewed of balance orientation merely aims to justify the collective benefit of shared value that both of private-interests and public-interests were generated balance. However, the general idea of balance orientation also interpreted the critical expectation of creating shared value adopting towards stakeholder and business management concurrently.

2) CSV-Single Value Focused

As the inclusive of above mentioned shared value creation specifically focused on balancing orientation, while there are increasingly scholars that intimated the single value clarify mission on an oriented corporation that simply explained as focus on a single objective. Owing to Jensen (2002) suggested firm should concentrate on single objective because it would entail an efficiency management. Likewise, the psychological aspects, creating single-value focused can be accepted since it moderates complicated and risks to decision making that performance may negatively impact causing from increased of conflicts (Emsley, 2003; Weissenstein, 1998). On the other hand, Austin et al. (2006) described even though business enterprises can have a social impact; social enterprises
generally focus social value creation as a principal mission rather than the commercial enterprises. It indicates that enterprises with an emphasis on public rather than on private interest, market growth, and profitability will be less successful and expected to struggle with the argument between financial and social dimensions of their business strategy (McDonald, 2007).

According to creating shared value concept, the definition represents the shared value creation that was seen as finding an opportunity to develop social value, therefore, the corporations would essentially challenge the affection to pinpoint equalization between varying objectivities. It has been well acknowledged that Porter and Kramer (2011) have addressed social value creation as the opportunity to create a profit of business and align competitive advantage whereof researchers will describe single value focused as the profit opportunity focused. Simultaneously, creating shared value of single value focused is also mentioned to the altruism focused which related to Yunus (2007), he narrated the perspective on social value creation that business profits have involved a social goal delegate of capitalism focused on corresponding the human needs. Thus, social enterprise orientation within Yunus’s context has been explained as the philanthropy to apply business model engaging capitalism towards value creation. Whereas Sundaram and Inkpen (2004) have suggested with the purpose of the strategic focus has related to involve a equilibrium orientation, hence, this can explain the adopting of shared value creation with choosing to single value focused, to better understand single value focused is aim to enlighten approach for corporations to value creation that has been driven to address the significant issue for the benefit target goals.

Value Driven In Post-2015

Regarding September 2015, the general theme of the next 15 years achieving plan was developed for being cease poverty, inequality and protect environmental by the Member States of the United Nations which determined an essence agenda to 17 Sustainable Development Goals (SDGs) and 169 engagements that attend to the most important economic, social, environmental and governance challenges as Agenda 2030 (Hanushek and Woessmann, 2015a; 2015b). The SDGs is clearly justified as new global goals for improvement that all stakeholders such governments, business, and society have been involved with ceasing poverty and inequality, ensuring to sufficient food and providing resources, including conserving sustainably environmental.

To justify the contributions of business impact to the SDGs that engender discovering opportunity and responsibility according to business sector has operated new business models and investment, innovation created including collaboration. Therefore, private sector operations have been an appreciate solution to the success of each goal simultaneously; the SDGs supports the enabling environment for doing business and building markets. Moreover the SDGs conduct on the Millennium Development Goals (MDGs) and aim to complete the objectives to achieve in priority social areas those needed for sustainable development (Hanushek and Woessmann, 2015a). More particularly, the MDGs are coherent to corporate governance and economic factors that are driving forces in achieving social well-being.

The UN Global Compact has pursued corporations and state-owned enterprises and investors to attend business accountability to solve social issues by conducting its innovation and collaboration. The results have been greater responded and seemingly manifested to answer responsibility business that is international idea and concept even practice. Meanwhile, the combined of several sectors have recognized at the base of the economic pyramid and engage to a principle-based approach to business that can concurrently force company achievement and contribute to the sustainable development of a society and economy. These mentioned contexts have explained responsibility business entail the commitment aligned and sustainability by integrating with value or culture creation. By incorporating the SDGs into core business strategies and mindset, there has been an opportunity involving a long-term practice.

As the Post-2015 development agenda, the UN Global Compact has tasked and developed SDGs working for corporations’ consideration to target corporate goals those are motivated innovation and related performance (Hanushek and Woessmann, 2015b). It seems developed concept envision of thinking about organizations and administers' actions within relevant stakeholder for achieving of
transforming models to respond societal needs that cause consequence to human needs changed. However, at the same time SDGs require economic growth, it is significant to comprehend owing to businesses may probably involve and appropriate to some of the SDGs, thus corporations are necessary to examine its organization structure, opportunities and risk assessment for being a key element to adopt the SDGs agenda into achieving strategic goals transformation. In the sense, CSV of business blueprint with consisting of CSV-balance and CSV-single value focused, there have been adopting and embedded in empirical practicing.

References
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