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Accounting Practices and Guiding Principles Influencing Shared Value Creation

Ongayi Wadesango

Department of Social Science Education and Economic Management Education, University of Limpopo, Republic of South Africa. Email: ongayi.wadesango@ul.ac.za

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ABSTRACT

This study explored shared-value and its types. Porter and Kramer's shared-value model is analysed; its critiques are outlined, and other approaches along with their weaknesses suggested by previous researchers, are explored. Documentary research approach, which consists of reviewing, analysing and examining information was adopted. The sources included journal articles, books, frameworks and guidelines. The results of the study indicated/revealed that value is not only accounted for in financial terms but also in intangible drivers, value creation processes results in predetermined output and outcomes which cannot be predetermined. The study also indicated that shared-value is a term that is not distinctively and commonly used as its components were not clearly spelt out. Researchers/scholars have failed to distinguish it from other similar models of social and environmental responsibility. The study concludes that creating shared-value from social and relations capital contributes towards increased productivity and sustainability of a company.

Keywords: Value, Shared Value Creation, Frameworks, Social and Relations Capital
JEL Classifications: O31, O35

1. INTRODUCTION

Value creation is the primary aim of any business entity (Fuller, 2001). Jacobides et al. (2018:2259) define value as the process through which multiple actors search for an agreement about the economic, environmental, and social value they can create-an agreement on how to share the value created, thereby satisfying each actor's interests. According to Breuer and Lüdeke-Freund (2017:21) value is subjective. Value is defined as benefits relative to costs while profit is revenue relative to costs (Porter and Kramer, 2011:6; Oskam et al., 2020:7). From a financial perspective, value is said to be created when a business earns revenue or a return on capital that exceeds expenses or the cost of capital. The purpose of investing is to put resources at risk with the hope of yielding a greater value in return. If the process is accomplished as planned, it can be said that one has created value (Fuller, 2001; Aarikka-Stenroos and Ritala, 2017:29). However, this also implies that the process may not be accomplished as planned resulting in the company yielding a negative return. The outcome is determined by the process adopted.

Furthermore, value is perceived as a benefit that is more than profit (Kaplan and Norton, 2000; 37: De Man and Luvison, 2019:476). Researchers like Schaltegger et al. (2016:3); and Dyllick and Muff, (2016:162) argue on a broader definition of value creation by suggesting that value should not be confined to traditional financial measures. Value creation in today's companies is noticeably accounted for in the intangible drivers like innovation, ideas, and brands (Oskam et al., 2020:7). Furthermore, value is created by the optimisation of products and production facilities as well as networks between suppliers and customers in real-time (Adner, 2017:41). With a stretched and broad definition, value creation is

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beginning to be recognised and accepted as a better management goal compared to the old, strict financial measures of performance, many of which tend to produce short-term results (Porter and Krammer, 2011:6). Fauver and Fuerst (2012:674); as well as De los Reyes et al. (2017:143) posit that if a company puts value creation first, managers' performances will not be judged based on financial performances. Companies do not remain confined to financial performance and are likely to deploy all the capitals, effectively treating all capitals with the same weight. This will give a company an enormous advantage for building its ability to achieve profitable and long-lasting growth (Kaplan and Norton, 2000:37; Mogapi et al., 2019:403). A quick rundown of the integrated reports reveals that some management performance, for example, bonuses, might still be based on financial performance other than shared value performance.

However, the first step towards focusing on value creation is understanding the sources and drivers of value creation (Arnold, 2017:180; Oskam et al., 2020:7). Understanding what creates value will help managers to focus on the effective use of all capitals employed. If customers value consistency in quality products, then the skills and processes that produce quality products and services are important in the creation of value (Arnold, 2017:180). Although the intangible factors or capital that drive value creation differ by industry, some of the major factors are intellectual, human, social and relationship, and natural capital (IIRC, 2013). The ability to link these capitals through a business model is what is termed as a business strategy (Fuller, 2001; Evans et al., 2017:605). It should be noted that employment of non-financial capitals provides indirect rather than direct benefits. In this way, focusing on value creation forces an organisation to adopt a long-term perspective and align all of its resources toward future goals (Kaplan and Norton, 2000:37; Adams et al., 2016:201). A company that puts more emphasis on financial performance than value creation is identified by the following characteristics:

i. Pursuance of investments that are expected to deliver financial value at the expense of non-financial activities (Bhattacharyya and Agbola 2018:192).
ii. Allocation of resources and prioritisation of short-term business activities that show significant high returns though they might not reflect sustainability or long-term future benefits (Bhattacharyya and Agbola 2018:192).
iii. Non-involvement of all other stakeholders in the formulation or development and implementation of the business strategy except financial stakeholders (Nguyen et al., 2018:81).
iv. Basing performance on financial indicators only (David and Fuller, 2001).

A company that puts more emphasis on financial performance fails to give importance to social and relationship or stakeholder engagement because benefits from social and relationship capital are implicit. Benefits, as of yet, cannot be measured successfully and separately from other performances. The results are imbedded inside other performances.

1.1. Research Methodology

I have located the research of this paper within a qualitative approach (Leedy and Ormrod 2014). This decision was informed by the fact that this paper is not interested in the quantification of data. But its main interest lies in the painting of qualitatively rich picture of the phenomena being studied within the context of limited respondents (Chirubvu and Sitsha, 2022). To this end, the problem of this study is explained descriptively and theoretically. In terms of data collection, the author sourced and reviewed literature on the topic.

2. VALUE CREATION PROCESS

Gummerus (2013:1) has discovered that value creation has two main literature streams; namely, value creation processes and value outcome determination. Gummerus (2013:1) further explains that value creation processes involve activities, resources, and interactions that result in output and outcomes whilst value outcome determination analyses stakeholders' perceptions on how they assess the value outcomes after the value creation process. Value creation processes are cyclical or continuous, but value outcomes determination is evaluated at a certain time, say, at the end of an accounting period (Gummerus, 2013:6). Value creation processes have been viewed as the duty of the company while value outcome measurement is left to all, that is, companies, stakeholders and society (Arnold, 2017:179).

More recently, value creation literature has moved a step away from the company-driven view (Arnold, 2017:180). This modern view takes value creation processes as the interaction between a company and its stakeholder, as value that is co-created, meaning, the focus is now on the interface between the organisation and its environment instead of the company's internal processes (Porter and Krammer, 2011:7; Arnold, 2017:179). Value is co-created by stakeholders and the company. The underlying assumption is that greater stakeholder involvement leads to increased productivity (Gummerus, 2013:6). According to Lusch et al., (2007) in Arnold (2017:180), co-creation is collaborative. Tee et al., (2018:10) further elaborate that, in co-creation processes, several parties are involved in the activities through the integration of resources. According to Vargo and Lusch (2008) in Tee et al., (2018:10), value creation takes place within and between systems at various levels of aggregation. When determination of value created is left in the hands of the firm, it means the firm determines the outcome of the activities of multiple parties based on the firm's perspective-the interpretation will be subjective. Multiple actors that engage in co-creation processes create experiences and, therefore, should determine value in relation to their expectations (Gummerus, 2013:6; Oskam et al., 2020:5).

Value creation processes may coincide among stakeholders, companies, and other stakeholders, because the relationship between parties may be parallel and any of the parties may decide to act opportunistically (Edvardsson et al., 2010:335; Porter and Kramer, 2019:329). The parties determine value through outcomes. Outcomes are defined in IIRC (2013) paragraph 2.35 as "the internal and external consequences (positive and negative) for the capitals as a result of an organisation's business activities and outputs." Those outcomes are the basis on which assessment of value is carried upon. Stakeholders perceive value and measure it depending on the stores of value affected by the value creation

process (Gummerus, 2013:8). Each store of value, if subjected to a business model, yields an output and outcomes that are not similar. For example, using a muffin metaphor, capitals or stores of value of a muffin such as flour, eggs and milk will either produce a well-baked muffin or a burnt muffin depending on the creation (baking) process. The output is the muffin produced and the outcome is the satisfaction or dissatisfaction derived from the process and output Section 2.1 outlines how a business model can add value to social and environmental capitals.

2.1. Value Creation Process that Adds Value to Social and Relation Capital

A company takes cognisance of the non-financial capitals and incorporates them in the business model to create added value in social and environmental initiatives. The added value is a result derived from business processes and activities (IIRC, 2013). Outcomes may be affected by the way in which an organisation manages its environmental and social activities in the creation of value for itself and stakeholders. Creation of value in the short run can affect creation of value in the end (Porter and Kramer, 2019:329). This means that creation of value, in the now, has the potential to enhance, dilute, or deny the potential for value creation in the future. Therefore, the assessment of value creation is not necessarily confined to a particular timeframe but takes into account the way in which value creating activities might affect future value creation potential (Arnold, 2018:237). The current generation should not benefit at the expense of the future generation.

An organisation's business model takes inputs or resources in one form or another, from the capitals identified in the Capitals Background Paper for IIRC (2013). These are financial, manufactured, intellectual, human, social and relationship, and natural capital. The capitals represent stores from which value is released when the capitals are combined, transformed and leveraged to produce outputs and outcomes that represent value creation or value destruction, depending on the perspectives and interests of different stakeholders (Edvardsson et al., 2010:332; van Zijl et al., 2017:75). In essence, the business model used determines whether value will be created or destroyed.

Inputs in the business model may include resources in the form of raw materials, common resources, employees, research, ideas, finance etc., as well as relationships with suppliers and other stakeholders (EY, 2013). Inputs are required to produce, through operational or other business processes, outputs and outcomes that in turn create or destroy value for the organisation, consumers, the environment, providers of financial capital, and others (Edvardsson et al., 2010:334; van Zijl et al., 2017:80).

The main question is whether or not inclusion of social and relationship capital in the business model can improve the value created or the value creation process itself. Kolk et al., (2014:357) admit that it increases value only to a small degree, yet its absence can affect creation of value by a big margin. Inclusion of social and relationship capital in the business model is unnoticeable, yet the absence is greatly felt. There has been a considerable number of studies, which have sought to examine whether companies with either an observable social responsibility performance and/or a better social and/or environmental reporting performance also have a better financial performance (Kolk, et al., 2014:357). In light of this, researches like Corazza et al., (2017:422); Arnold (2018:224); and Maroun, (2020:194) have pursued the question of whether or not social disclosure, social relationship and/or social responsibility creates or releases value.

The results from these studies, so far, are broadly inconclusive (Edvardsson et al., 2010:335). The studies are reluctant to rubber-stamp their conclusions. Concluding might indicate that social responsibility and social relationships are driving the organisation towards creation of more value and that the risks associated with environmental and social issues need to be managed (Arnold, 2017:181). Such a conclusion would compel researchers to develop models. Even if research studies cannot prove the existence of financial effects that are specifically associated with social and relation capital, it is possible to assume that they exist since, using past empirical evidence, managers perceive that reporting social relations and environmental management can create value (Gummerus, 2013:3; Corazza et al., 2017:422). Reporting can release value if it is reporting which has no claim to anything that looks like accountability (Edvardsson et al., 2010:336; Giesen, 2019:36).

The value is created using a business model (IIRC, 2013). A business model is the chosen system of inputs, business activities, outputs and outcomes that aim to create value over the short-, medium- and long-term (IIRC, 2013). Taking inputs from various forms of capital does not create value (Gummerus, 2013:3). Value is created through the release of value from inputs of capital. Business activities involve using, combining, applying, processing, and transforming inputs from the capitals into outputs and outcomes and interactions. Outcomes are defined in the Business Model Background Paper for Integrated Reporting as "the internal and external consequences for the capitals as a result of the organisation's business activities and outputs" (IIRC, 2013).

3. VALUE OUTCOME DETERMINATION

Value creation is assessed by considering the interactions between a company's capitals, competitiveness, the communities, and natural environment which it affects and from which it draws resources (Edvardsson et al., 2010:335; Giesen, 2019:36). Understanding the relationship between internal processes and external forces that enable, encourage or frustrate the business model is important in assessing whether value will be created or destroyed, or whether it might be created in the future or not. A value creation process that is not well managed decreases value instead of increasing it. Negative outcomes bring dissatisfaction to stakeholders. Through a company's business activities, value can be created or destroyed (IIRC, 2013; Lee et al., 2018:436). Outputs are usually planned, intended, and aimed for through a company's strategy and targets, meaning, the outcome is only known after the business model has interacted with the capitals. The process of taking inputs from different types of capitals and applying, using, destroying, and transforming them through the business model produces outcomes as well as outputs (Arnold, 2017:181).

According to Janger et al., (2017:34), outcomes are an end result of an activity that has no financial attachment or as outlined by Reizinger-Ducsai (2018:192). Outcomes cannot be measured in financial terms but are as important to value creation as financial revenue and capital. The Integrated Report Committee has not been able to provide a better way of assessing value from non-financial capitals but has proposed that value created should not be assessed using financial indicators only but also non-financial indicators such as stakeholders' satisfaction. (Mamabolo and Myres, 2020:5). Stakeholder satisfaction is a positive outcome while dissatisfaction is a negative outcome. In the value creation process, while outputs can be pre-planned, outcomes cannot be predetermined because so many interactions of many factors happen in the value creation (Kang and Kim 2017:71). Unintended outcomes from the business model may, therefore, manifest themselves in the short-, medium- or long-term and may be positive or negative (IIRC, 2013). Intended and unintended outcomes from the business model have both positive and negative effects individually and collectively on the capitals, on the organisation, on providers of its financial capital, on society, and on the environment (Haq, 2012:2; Mamabolo and Myres, 2020:5). The application, use, destruction and transformation, and interplay between the capitals may affect the extent to which providers of financial capital can expect. These could be outcomes in the form of financial returns, as well as the outcomes for society in terms of the access to and benefit from the capitals and for the environment in terms of its enhancement or degradation (Haq, 2012:3).

The evidence of whether business activities have created or destroyed value may be immediately known or become apparent over time and on the outcomes from the organisation's business model on the environment (Edvardsson et al., 2010:336). An organisation's ability to create value is closely related to the linked supply chains, to communities, and natural environment, those that collaborate in value creation or destruction. The way in which all the involved constituencies experience the outcomes of an organisation's business model informs an assessment of whether or not value has been created and for whom (Edvardsson et al., 2010:336). This means that the assessment of the amount of value created depends on the way constituencies or involved parties perceive it.

4. DIFFERENT TYPES OF VALUE

Value, in the context of this study, is divided into three main categories, namely, economic, social, and environmental value which are summarised below:

Creation of the three values simultaneously and collectively have resulted in shared value. Economic value is the financial return or benefit that companies derive from commercial or social entrepreneurship (Dyllick and Muff, 2016:62). Examples can take the form of increased and sustainable financial returns, brand equity, market share, consistency of supply, or lower risks, as well as more loyal employees, customers, shareholders, and investors. Environmental value, as outlined by Oskam et al. (2020:2) is the positive outcome that is derived from the use of sustainable technology in extraction of natural resources by organisations. Social value is the difference between social benefit and costs incurred by solving societal problems (Kang and Kim 2017:71). Social value is also outlined by Oh (2019:188) as non-financial, positive impacts or results of a deliberate action by companies to develop the community's self-sustenance, social innovation, and provision of social service. Examples of social or societal value include improved health, education, access, community participation, and employment. Emerson (2003:45); Jackson (2019:303); and Oskam et al. (2020:6) agree that economic value, social value, and environmental value are inseparable and are simultaneously created. The corporate world has accepted that these three values need to be pursued concurrently to create a sustainable value. Pursuance of economic, social, and ecological/environmental objectives has been referred to as the triple bottom line approach, which Porter and Krammer (2011:6) have referred to as shared value. The shared value concept is described in the next paragraph.

5. PORTER AND KRAMER'S SHARED-VALUE MODEL

Shared value is a business strategy proposed by Porter and Kramer (2011:6), defined as:

> *policies and practices that enhance the competitiveness of companies while improving social and environmental conditions in the regions where they operate. It is a business strategy focused on companies creating measurable economic benefit by identifying and addressing social problems that intersect with their business. To qualify as shared value, there must be an identifiable economic benefit to the company as well as measurable impact on a social or environmental issue.*

Porter and Kramer (2011:6) propose policies and practices that yield identifiable and measurable economic benefits from improving conditions of the society that is in the region and field where the company is operating. In the same vein, other researchers such as Kang and Kim (2017); Reizinger-Ducsai (2018); and Giesen (2019) have also defined shared value. Austin and Seitanidi (2012:728) use collaborative value as an alternative name for shared value and define it as benefits, relative to costs, generated out of the interaction of collaborators, accruing to the company, stakeholders, and society. Kang and Kim (2017:71) defines it as the creation of social value by the company while seeking for economic profit. The definition focuses on seeking economic profit because social value is created in pursuit of economic value. Social value is created as a by-product that has not been predetermined. Reizinger-Ducsai (2018:192) defines shared value as a business strategy that creates measurable business value by identifying and handling social issues. The definition focuses on identifying and handling social issues but does not specify if any social and environmental value is created from the handling of social issues. Giesen (2019:20) presents it as

a stepwise business process that simultaneously results in two different types of value. Giesen does not mention the two values created. Social value created by business enterprises is as a result of companies' efforts in seeking economic profit. Mogapi et al. (2019:398) define a term called impact investment in the same way as shared value. Mogapi et al., (2019:398) describe impact investment as social investment that generates social and environmental impact and financial return simultaneously. The impact investment concept gives a proactive focus on the measurement of gains from social and/or environmental impact, a part which the shared value concept is lacking. To conclude and summarise on the definitions mentioned above, this study has identified important components outlined in section 3.3.1.

5.1. Components of Shared Value Deduced from Corazza et al., (2017); Giesen (2019); Porter and Kramer (2011)

This study identified the following components as essential in developing a shared value framework:

i. Formulation of policies and practices that embrace social and environmental issues in the local area.
   Shared value is a business strategy that considers social and environmental management as a core component of the business.
ii. Identification of social and environmental issues that are in the company's line of business.
   Shared value encourages companies to identify social and environmental issues that are in the vicinity.
iii. Predetermination of economic benefits related to social and environmental investments.
   Projections of the social investment returns need to be conducted before the project begins.
iv. Resolving social and environmental issues in a manner that yields immediate or short-term measurable economic benefits.
   Shared value is not philanthropic but is rather social enterprising that has a calculated profit and/or value.
v. Interconnectedness of roles of all stakeholders in the social and environment arena.
   For interconnectedness of all parties that want to create shared value, Pfitzer et al. (2013:107) propose a method known as the impact method. Pfitzer et al. (2013:107) outline that the creation of shared value may be impeded if all role-players do not subscribe to one common agenda, a common and accepted measurement system, complementary roles, and constant collaboration. In support of Pfitzer et al., (2013:107); as well as Kramer and Pfitzer (2016:84) posit that a common purpose, a defined social and environmental need, a pronounced measurement, the right innovation structure, and collaboration are the essential ingredients for creation of shared value.
vi. Engagement processes that can spark innovation and avoid conflicts and trade-offs.
   Stakeholders' interests and concerns are not always congruent with the economic interests of companies (Lenssen and Smith, 2019:24). The shared value concept outlines that trade-offs can be avoided but there is scanty information on how companies can avoid trade-offs in deadlock situations. Shared value understands that innovation is the key to simultaneous creation of social value, environmental value, and economic value but ignoring collaboration when trade-offs arise may impede full operationalisation of this concept.
vii. Development of standards that measure and report social and environmental value.
   Researchers like Dyllick and Muff (2016:62); and Schaltegger et al. (2016:3) agree that shared value is not associated with handouts or giving out economic value already created by the company. Shared value is not associated with depletion, conversion or transfer of existing economic value into social and environmental value but aims to create triple value simultaneously (Busch et al., 2018:214; Moon and Parc, 2019:118). Shared value recognises that a company can be at a competitive advantage if it strives to simultaneously create the economic, social, and environmental value (Jackson, 2019:303). For the shared value concept, triple value has immediate, identifiable, and measurable outcomes and benefits.

However, there are researchers such as Crane et al. (2014); Dembek et al. (2016); Wójcik (2016); De los Reyes et al. (2017); as well as Windsor (2019) who have criticised the shared value concept as presented below.

6. CRITIQUES OF SHARED VALUE

Shared value has been criticised as follows:

6.1. It is Based on a Shallow Conception of the Role of the Corporation in Society

Before presenting criticism, Crane et al. (2014:132) accept that the shared value concept has earned a favourable reception in both the academic research and corporate world because it has been developed for and with senior leaders in large companies such Nestlé and Coca Cola. Furthermore, Crane et al. (2014:132), supported by Dembek et al. (2016:235); along with Windsor (2019:12), allude that shared value is an approach that clearly articulated the role of government but has failed to outline the role of companies in society. The role of companies in establishment of a common agenda in the playing field is not yet clear. Clarity on operationalisation of shared value is possible through an ethical framework which currently is not in existence. Porter and Kramer (2011:12) clearly articulate the roles of the government, civil society organisations, and the community as that of setting goals and regulations that encourage innovation and social growth. Based on the roles outline for stakeholders above, the role of the company would then be of leading collaboration processes and negotiating change in regulations that may impede shared value creation. The shared value concept is accused of being shallow and biased towards multinational companies since it has been adopted by big companies (Williams and Hayes, 2013:7). The argument further alludes that companies practising shared value are likely to give superficial reports because they are consulted by originators of the shared value concept. This need not be an argument because it gives researchers an opportunity to conduct further studies using other small companies.

6.2. It Ignores the Conflicts between Social and Economic Goals

Crane et al. (2014:136) allude that shared value claims to have passed over trade-offs yet it is ignoring to outline its position on how trade-offs can be passed over. Trade-offs always arise because there is always unavoidable conflict of interests between companies and social and environmental stakeholders (De los Reyes et al., 2017:142; Mogapi et al., 2019:408).

As outlined by Wójcik (2016:33); and De los Reyes et al., (2017:142), relationships between social and environmental beneficiaries, civil society organisation, government, and companies is not always a win-win situation as shared value seems to propose. This means that the shared value concept fails to articulate its position on what happens when there is a conflict of interests between players. De los Reyes et al., (2017:142) together with Wójcik (2016:33) further suggest that the shared value concept be augmented with a norms-oriented framework that should be developed to guide management when there is a conflict of interest between parties. In view of this, shared value recognises that stakeholders are engaged not to trade-off their interests but to collaborate and collectively find solutions in an amicable and innovative way that is economically beneficial to the company (Porter and Kramer, 2011:12). In South Africa, trade-off may not be ignored because of the society's historical background. The South African community take it that, by default, companies need to address the disparities of colonialism by sharing economic benefits the company has created (Matebesi and Marais 2018:374). Oh (2019:190) proposes that researchers should investigate these discrepancies and come up with models that connect conflicting parties. This study investigates the lack of role interconnectedness with the aim of providing literature necessary for development of an integrated shared-value creation model for effective collaboration between/among parties.

6.3. It is naïve about the challenges of business compliance

Wójcik (2016:36) and Crane et al. (2014:132) assert that shared valued barely gives attention to how a company can simultaneously benefit from mitigation of negative impacts caused by operating activities. De los Reyes et al., (2017:153) propose that where regulatory framework is non-existent, or dysfunctional, ethical frameworks such as norm-taking and norm-making frameworks should be adopted. Norm-taking and norm-making frameworks allow companies to establish roles of parties concerned, based on the already accepted norms applicable in the concerned community. A regulatory framework may supersede norms frameworks but when it stops functioning because of corruption, moral and norms frameworks may take over. This means the company needs to adopt an ethical framework that can apply where an existing regulatory framework has been flouted and is not being enforced (Lenssen and Smith, 2019:24). In South Africa, government and donor agencies have a regulatory framework that require companies to incorporate communities, small enterprises, and emerging suppliers within project documents and programmes.

6.4. Lacks Originality

Giesen (2019:36) professes that academic research is stuck on an argument about whether shared value is a new and legitimate concept or not. Williams and Hayes (2013:16); Crane et al. (2014:151); as well as Dembek et al. (2016:235) agree that shared value is not original but similar, in all respect, to social innovation, stakeholder theory, and strategic corporate social responsibility, better known as blended value. Williams and Haye, (2013:16) posit that social innovation, stakeholder theory, and strategic corporate social responsibility are all approaches to corporate social responsibility (CSR). These approaches have been compared to shared value and Crane et al. (2014:151); and Dembek et al. (2016:235) concur that shared value has the same characteristics as all previous CSR approaches mentioned above. However, Porter and Kramer (2011:16; 2019:327); Wójcik (2016:40); Azmat et al. (2019:210); and Giesen, (2019:36) have tried to defend the originality of shared valued and the distinction is presented below.

Shared value adjusts its model (policies and practices) to incorporate creation of social and environmental values, yet blended value, better known as strategic corporate social responsibility, focuses on developing strategies that create economic value enough to improve the environment and society in which the company is operating. It is the economic value created within the company that is then used improve social and environmental programs. This means, for corporate social responsibility, creation of social and environmental value is not the core of or incorporated in the business strategy. It is an after-creation endeavour.

Shared value identifies projects that are in line with company operations. With social innovation, a company is not limited to its line of business because social innovation has identified six objective areas where social and environmental issues are likely to arise. Areas such as health, education, climate, security and safety, employment, and sustainability are crucial in creating sustainable social and environmental value (Giesen, 2019:38).

Strand and Freeman (2015:65) claim that shared value is a restatement of the stakeholder theory. There is a similarity between shared value and stakeholder theory. Shared value takes an initiative to make social and environmental issues part of the strategic objectives. The same strategy is applied in stakeholder theory where, though said differently, stakeholders' interests are central to decision making. While shared value is not clear on involving stakeholders in the panels and management committees, stakeholder theory is clear on its inclusivity approach. In both approaches, although stakeholders are involved in the creation of value, shared value is discreet in the way companies should relate to stakeholders. Shared value does not created value for those classified as stakeholders only but the broader society as well, while stakeholder theory puts emphasis on redistributing value to its stakeholders.

7. CONCLUSION

In conclusion, the study concludes that shared value is not totally similar to one approach but has blended elements from all of them. Shared value is not a stand-alone but blended concept. Although shared value has blended concepts, this study has identified other elements that need to be emphasised and incorporated to develop a more integrated shared-value model that integrates approaches

centred on collaboration and engagement with stakeholders from the initial stage. The improved model should be able to identify opportunities, to estimate economic, social and environmental costs and benefits before initialising the project. The study realises that, whilst critics have castigated the shared value concept, this study is recommending adoption of approaches for operationalising the shared value concept.

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