

Chapter 5

Social Responsibility, Shared Value, and Business Modelling: An Integrated Approach

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ABSTRACT

While more and more businesses incorporate sustainability in their core business strategy, there has recently been a shift from corporate social responsibility (CSR) to the notion of creating shared value (CSV). This thesis investigates the emergence of new hybrid enterprises and innovative business models. Starting from a literature review about CSR and its evolution into the “Big Idea” proposed by Porter and Kramer, the chapter will analyse the link between business and society, especially in the developing countries where this link is stronger. The main aim is to identify the most effective business models that enhance the competitiveness of a company, while simultaneously advancing the economic and social conditions in the communities in which it operates. The general idea is that enterprises should have longer-term perspective on how they operate in relation to the external society and environment, addressing societal needs and challenges through the business itself, within a business model.

INTRODUCTION

Businesses' responsibility in terms of economic, social and environmental impact has always been a very thorny subject in the business community's debate, evidencing alignments and conflicts between external and internal stakeholders (Sheehy, 2015).

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Nevertheless, the recent global agreement on the importance of the role of business in society for the international development, economic growth and poverty reduction (Nwagbara & Kamara, 2015) has reached the audience and the attention of academics and industry experts.

Despite in recent years business has been increasingly viewed as one of the major cause of society's problems, the big idea claimed by Porter and Kramer (2011) presents a new business perspective that aims to reconnect company success to with social progress.

Adopting the concept of creating shared value is a journey companies need to embark on to overcome the "blindness" that made them ignore all the big opportunities that rise once this fundamental link is restored.

The solution lies in the shift from Corporate Social Responsibility, a concept still powerful but not efficient in the contemporary competitive environment, to a new paradigm of business focused on Shared Value principle that enhance company's competitiveness while simultaneously creates value for society. In any different conceptual framework the problem still remain how to help companies to response to stakeholder expectations through their management systems and value chain linkages (Visser & Kymal, 2015). This means, in the lens of Italian doctrine of *Economia Aziendale*, re-discover the company systemic relationships.

The logic of shared value becomes more influential when companies decide to operate into developing countries (Cavaco & Crifo, 2014) where the interconnection between business and society is definitely stronger, since these countries offer great opportunities to develop new business but they are also characterized by deep social disadvantages (Michellini & Fiorentino, 2011).

Thus, businesses' response to low-income markets problems has contributed to blur the lines between for profit and not for profit organizations and the rise of hybrid enterprises is one of the strong signs of this transformation (Beugré, 2017).

According to this new perspective, this research intends to identify the business models that allow companies to invest in new markets (mature or developing countries) adopting a shared value approach based on addressing social needs by creating economic value.

This study is exploratory in nature, since it aims to provide both theoretical and empirical backgrounds analysing the transformation process from Corporate Social Responsibility to Creating Shared Value and highlighting the distinctive features and the level of criticality of both the managerial approaches to sustainability.

Finally, not all societal problems can be solved through shared value solutions. However, shared value offers corporations the opportunity to utilize their skills, resources, and management capabilities to lead social progress in ways that provide economic and societal benefit both for businesses and the communities in which they operate.

BACKGROUND

From Corporate Social Responsibility to Creating Shared Value

Corporate social responsibility thinking has evolved over the past few decades from a traditional positioning, mainly focused on philanthropic initiatives, to a more strategic approach that incorporates social issues into businesses core strategies to benefit both society and their own long-term competitiveness (Blodgett, Hoitash, & Markelevich, 2014). Although corporations without good performance of CSR

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