



Moving beyond tradeoffs: Creating shared value through mutually beneficial relationships

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Businesses are scrutinized for causing major social, environmental, and economic problems while prospering at the expense of the both society and the environment. However, Elkington's (1998) theory of the triple bottom line theorized a different way of operating. Elkington (1998) provided the primary argument that businesses must not only consider, but also balance the triple bottom lines. His theory not only addressed but emphasized that economic, environmental, and social goals needed to function interdependently in order to meet the needs of the present without compromising the needs of future generations, the essence of sustainability. Porter & Kramer (2011, 2006) call for a paradigm shift from sustainable initiatives being created in order to briefly please the demand for this information instead of utilizing this demand in order to truly contribute to the creation of shared value. The principle of shared value ties business strategy indivisibly to societal impacts through *mutually* benefitting decisions. Therefore, if either business or society pursues policies that benefit its interest at the expense of the other, temporary gain will fault to develop long-term prosperity and sustainability (Porter & Kramer, 2006). This reciprocal nature of business demands interdependence between the triple bottom line that result in corporate social responsibility (CSR) being more than just a response to demand but a true opportunity to seek purpose-driven benefit to the shareholders, stakeholders, employees, environment, and the community of which business operates.

Instead of trading off social responsibility for economic profits, the creation of shared value enables the two to be become one side of the same coin, instead of opposing forces. Successful businesses need a healthy society to enable a cyclical process that fosters and expands the demand for business. A healthy workforce, safe products and working conditions, efficient utilization of land, water, and energy, good government and strong regulatory standards that protect both the consumer and competitive companies from exploitation are all interdependent in creating a economically profitable business environment that continues to develop (Porter & Karmer, 2006). Porter & Kramer's (2006) creation of shared value feeds upon exposure of interdependencies to end consumers, the gatekeepers of returning economic profits. Awareness of mutually beneficial relationships between CSR and economic profitability is incremental in creating shared value since the end consumer must be aware of the value of CSR between the business and society. This research focused on addressing how the utilization of mutually beneficial CSR can foster a cyclical business cycle through the creation of shared value, a principle that has the ability to move sustainability beyond a tradeoff for economic profits.

Because of this opportunity, this study explored (a) the role websites play in communicating the meaning of CSR through the supply chain and (b) the disclosure or omission of directly addressing socially responsible activity through business websites. Through this exploration the degree that websites communicate their CSR practices to their end consumer may be understood. Websites make this need for awareness of mutually benefiting relationships an easy source for shared communication between the supply chain and its end consumer, especially in our global

economy. An ethnographic content analysis per the method of Altheide (1987) was used to explore strictly the “About Us” segments of four websites via textual analysis. This procedure included viewing the website, assessing the messages, taking notes, and reexamining the previous notes taken. In this study purposeful sampling was utilized to identify four companies whose exposure and reach is at varied levels in order to provide a mixture in the type of businesses analyzed. Websites of Alabama Chanin, Mack and Mack, Patagonia, and People Tree were selected as the sample.

Three major themes emerged from the study data after textual and reflexive analysis. First, ‘tacit consumer knowledge’ emerged as a salient theme through websites such as Alabama Chanin and People Tree. Words like “hand sewn” and “artisans” communicate that the customer perceives the value associated with such words and understands the benefit of supporting such businesses, a key aspect of the principle of shared value. Secondly, ‘pride in practices’ was a common meaning derived from the “About Us” section. Examples included Patagonia’s website, “Staying true to our core values during thirty-plus years in business has helped us create a company we're proud to run and work for.” This quote exemplifies the pride the company has in maintaining the interdependence between their core values and economic profitability. Mack and Mack, presents an interesting case to this study and a very significant final theme, ‘omission of value.’ Mack and Mack never directly address “sustainability” in their “About Us” segment. However, the researcher was able to identify Mack and Mack as a company perusing sustainable initiatives. Their design, manufacture, and retail is completed in the same location in Greensboro, NC. However, sustainability is never addressed in their “About Us” of their website. If companies are not using words that communicate sustainable meaning to the consumer, shared value may not be created, featuring a missed opportunity for economic profitability through sustainability.

The findings of this study suggest that businesses choose key wording in their “About Us” section that effectively communicate sustainable initiatives of mutually benefitting relationships to the consumer, which according to the principle of shared value increases economic profitability. This exemplifies that profitability does not have to be a trade off for sustainable initiatives. However, if no CSR is addressed via websites, consumers may be unaware of impacts that creating shared value can hold. Future studies should seek to explore what degree of CSR information effectively communicates to the consumer through interview or survey data in order to reach a desired amount of CSR saturation via websites. Businesses should seek CSR that is purpose-driven and mutually beneficial to the entire community of which they operate.

References

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