



Developing Measurements for Creating Shared Value (CSV): Aspects and Indicators

Suripto*

¹Universitas Pamulang, Jl. Surya Kencana No.1, Pamulang Bar., Kec. Pamulang, Kota Tangerang Selatan, Banten, Indonesia

*dosen00756@unpam.ac.id

CITATION:

Suripto. (2024). Developing Measurements for Creating Shared Value (CSV): Aspects and Indicators. *JIA (Jurnal Ilmiah Akuntansi)*, 9 (1), 137-452.

ARTICLE HISTORY:

Received:

September 26, 2023

Revised:

April 29, 2024

Accepted:

June 1, 2024

DOI: 10.23887/jia.v9i1.68509

Abstract

This research aims to develop a Creating Shared Value (CSV) measurement that fulfills a sustainable context and avoids overlap. The study initially identifies two key aspects—business and social—comprising 27 indicators. Through further analysis, the research conceptualizes CSV measurement by incorporating an additional environmental aspect. This development addresses existing gaps by enhancing CSV disclosure aspects to more accurately assess the level of CSV disclosure. By fulfilling the sustainability context based on legitimacy theory, this approach can help companies gain legitimacy and support from stakeholders, thus enabling them to compete globally. The research employs a rigorous methodology to ensure that the new CSV measurement framework is robust and comprehensive. The findings suggest that a multidimensional approach to CSV, which includes business, social, and environmental aspects, provides a more holistic view of a company's efforts to create shared value. This refined CSV measurement can serve as a valuable tool for companies seeking to improve their sustainability practices and enhance their accountability to stakeholders.

Keywords: creating shared value; business aspect; social aspect; environment aspect

INTRODUCTION

Prahalad and Ramaswamy (2004) pioneered the Creating Shared Value (CSV) concept, identifying it as a means to generate value and establish company excellence. Porter and Kramer (2006) further defined CSV as "policies and operating practices that enhance the

competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates." This highlights the importance of competition in business through the improvement of societal economic and social conditions.

CSV is founded on the idea of an interdependent relationship between business and social welfare, proposing that companies can build competitive advantages by integrating social issues into their strategic planning. CSV involves policies and operational processes that enhance a company's competitive edge while also promoting social and economic progress.

This research aims to develop new CSV measurements, focusing on the context of developing countries, particularly Indonesia. Existing CSV measurements by Porter and Kramer (2011) encompass two aspects and 27 indicators but fall short in addressing sustainability comprehensively and contain overlapping indicators. To bridge this gap, this study incorporates environmental aspects into the CSV framework, aligning it with the Triple Bottom Line concept and repositioning overlapping indicators.

Williamson et al. (2006) and Achda (2006) emphasized the importance of adding environmental aspects to CSV disclosure, as the environment plays a crucial role in CSV. Islam and Arafin (2017) also noted that environmental factors are key variables for investors and creditors in assessing investment risks. Organizational performance is increasingly evaluated not only on

financial outcomes but also on contributions to environmental protection and improvement. Therefore, incorporating environmental aspects into CSV measurements is essential.

LITERATURE REVIEW

The CSV concept is a new strategic evolution in the business development concept that complements corporate philanthropy, CSR and sustainability strategies (Bockstette and Stamp, 2011; Leth and Hems, 2013). The CSV concept was first introduced by Porter and Kramer (2006) who provided an explanation regarding the development of a deep relationship between corporate strategy and social responsibility. According to Porter and Kramer (2011), the meaning of the CSV as, "Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates." Based on this definition, it can be explained that CSV views that companies need to compete with their competitors, while emphasizing that this competition can be won in a healthy manner by seeking to improve the economic and social conditions of society.

METHOD

In order to overcome the gaps in CSV measurement in this research, experts in the field of CSR and sustainability were involved, namely the Head of Trisakti Sustainability Center. Based on the results of discussions with these experts, several things were done, namely adding environmental aspects. In order to fulfill the sustainability context and adapt the Triple Bottom Line concept, reposition indicators that still overlap and adjust them to the environmental aspects that have been added, as well as grouping indicators according to predetermined aspects.

RESULTS AND DISCUSSION

Based on the explanation presented in Table 3, it can be concluded that CSV measurement consists of three aspects, Business aspects, social aspects, and Environmental aspects. There are eight indicators in the business aspect, five indicators in the social aspect, and ten indicators in the environmental aspect, overall, there are 23 indicators.

Business Aspect

The business indicators focus on the financial and operational

efficiency of the company. They include traditional metrics like income, market share, and profitability, along with operational improvements such as productivity, cost reduction, and supply chain stability. These indicators are crucial for understanding the company's economic performance and its ability to sustain growth while delivering high-quality products and maintaining efficient distribution systems.

Social Aspect

The social indicators emphasize the company's role in improving employee welfare and contributing to the community. These measures include investments in employee education, workplace safety, and income enhancements, along with job creation and employee retention rates. These indicators highlight the company's commitment to social responsibility by fostering a positive work environment and contributing to societal well-being.

Environmental Aspect

The environmental indicators reflect the company's efforts to reduce its ecological footprint. This includes minimizing energy and water usage, managing waste, and reducing CO2 emissions. Transparency in environ-

Table 1. CSV Aspects and Indicators

Level of Shared Value	Business Aspects	Social aspects
Redefining Products and Markets	a. Increased revenue	a. Improved Care
	b. Increasing market share	b. Reduced Carbon Footprint
	c. Increased Market Growth	c. Improved Nutrition
	d. Increased profitability	d. Education Improvement
Redefining Productivity in the value chain	a. Increased productivity	a. Reduced energy use
	b. Reduce logistics and operating costs	b. Reduce water usage
	c. Guaranteed supply	c. Raw materials are reduced
	d. Quality improvement	d. Job skills improve
	e. Increased profitability	e. Increased employee income
Development of Supporting Industry Clusters around the company	a. Reducing Costs	a. Education Improvement
	b. Guaranteed supply	b. Increased job creation
	c. Improved distribution infrastructure	c. Better health Income increases
	d. Increased access to labor	
	e. Increased Profitability	

Sumber: Porter, Hills, Pfitzer, Patscheke, dan Hawkins (2011)

Table 2. Enviromental Aspect

No	Enviromental Indicators
1	The amount of Energy used is reduced
2	Disclosure of water withdrawal based on source
3	The amount of water used is reduced
4	Disclosure of recycling and reuse of water
5	Disclosure of water releases based on quality and purpose
6	The amount of CO2 gas emissions is reduced
7	The amount of waste produced by the company is reduced
8	Disclosure of waste based on type and method of disposal
9	Number of awards in the environmental field
10	Disclosure of significant impacts of activities, products and services on biodiversity

mental practices is emphasized through detailed disclosures on water use, waste management, and impacts on biodiversity. These measures demonstrate the company's commitment to sustainability and its proactive approach to mitigating environmental impacts.

By integrating these aspects, the table provides a holistic view of CSV,

illustrating how business practices can align with social and environmental goals to create shared value. This approach not only enhances the company's competitive edge but also promotes sustainable development and social equity, aligning with the broader goals of good governance and corporate responsibility.

Table 3. CSV Measurement Aspects and Indicators

No	Indicators
A	
Business Aspect	
1	Increase in Company income
2	Increase in Company Market Share
3	Increased Company Profitability
4	Increasing Company Productivity
5	The company's logistics and operating costs are reduced
6	Guaranteed supply of raw materials for the company
7	The quality of the company's products increases
8	Improved distribution infrastructure
B.	
Social Aspect	
1	Increased Education (Employee training hours).
2	Improvement of Occupational Safety and Health (K3) (The number of Work Accidents is reduced).
3	Increased employee income
4	Employee Turnover
5	Increased job creation
C.	
Environmental Aspect	
1	The amount of Energy used is reduced
2	Disclosure of water withdrawal based on source
3	The amount of water used is reduced
4	Disclosure of recycling and reuse of water
5	Disclosure of water releases based on quality and purpose
6	The amount of CO2 gas emissions is reduced
7	The amount of waste produced by the company is reduced
8	Disclosure of waste based on type and method of disposal
9	Number of awards in the environmental field
10	Disclosure of significant impacts of activities, products and services on biodiversity.

Source: Processed by researchers

CONCLUSION, IMPLICATION AND LIMITATION

Based on the research results, the implications of this research are in line with legitimacy theory, which is expected by adding environmental aspects to fulfill the sustainability context. Then, by fulfilling the sustainability context, hoped that the company will receive legitimacy and support from stakeholders that can increase competitive advantage globally.

REFERENCES

Achda. (2006). Konteks Sosial Perkembangan Corporate Responsibility Social dan Implementasinya di Indonesia. Makalah yang disampaikan Pada

Seminar Nasional : A Promise of Gold Rating Sustainable CSR. 23 Agustus 2006, Jakarta.

Bockstette and Stamp. (2011). *Creating Shared Value: A How to Guide For the New Corporate (R)evolution*. Retrieved From <http://www.fsg.org/publications/creating-shared-value-how-guide-new-corporate-revolution>.

Islam, Kanij, & Hossain. (2017). From Corporate Social Responsibility to Creating Shared Value: Opportunities and Challenges for the Banking Sectors in Bangladesh. *IOSR Journal of Business and Management (IOSR-JBM)* e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 19, Issue 9. Ver. II. (September. 2017), PP 28-34.

Kramer, M. R., & Porter, M. (2011). *Creating shared value (Vol. 17)*.

- Boston, MA, USA: FSG.
- Leth and Hems. (2013). The Potential for Creating Shared Value in Australia How Australian Companies Co-Create Long-Term Commercial and Social Value Draft Insights for a Green Paper Presented at the Creating Shared Value Forum, Melbourne 26 November 2013.
- Porter, M. E., & Kramer, M. R. (2006). The link between competitive advantage and corporate social responsibility. *Harvard business review*, 84(12), 78-92.
- Porter, M. E., Hills, G., Pfitzer, M., Patscheke, S., & Hawkins, E. (2011). Measuring shared value. How to unlock value by linking social and business results, 10-11.
- Prahalad, C. K., & Ramaswamy, V. (2004). The future of competition: Co-creating unique value with customers. Harvard Business Press.
- Williamson, D., Lynch-Wood, G. and Ramsay, J. (2006). "Drivers of Environmental Behaviour in Manufacturing SMEs and the Implications for CSR". *Journal of Business Ethics*, Vol. 67, pp. 317-330.