

Research Article

Creating Shared Value and Determinants of Sustainable Business Performance: Insights from a Literature Review

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Abstract.

This article presents a comprehensive exploration, rooted in a literature review, aiming to elucidate the nexus between Creating Shared Value (CSV) and the determinants of sustainable business performance. In the contemporary business landscape, environmental sustainability has evolved beyond a moral responsibility and become a strategic business opportunity for modern companies. The methodology employed in this study involves conducting an extensive literature review. Through the analysis of existing literature, the research synthesizes insights into the relationship between CSV and sustainable business performance. The focus is on theoretical exploration, elucidating the connections between green entrepreneurial orientation, green innovation, and green marketing strategies in the context of sustainable business practices. The literature review reveals that environmental sustainability significantly shapes contemporary business strategies. The emergence of CSV as a business strategy underscores the integration of corporate success with positive contributions to society and the environment. The synthesized results highlight the theoretical relationships between green entrepreneurial orientation, green innovation, and green marketing strategies with sustainable business performance. Building upon the results, the discussion interprets the implications of the identified relationships and their significance in the realm of sustainable business strategies. This article enriches the academic literature by providing a conceptual framework for understanding sustainable business strategies. Additionally, the findings offer practical support for businesses in formulating sustainable strategies, guidance on integrating green innovation, and serve as a valuable reference for policymakers.

Keywords: creating shared value, green entrepreneurial orientation, green innovation, green marketing strategies, sustainable business performance

1. Introduction

Over the last few decades, the issue of environmental sustainability has received increasing attention and has influenced how companies operate [1]. Progressive companies view sustainability as a strategic response to environmentally conscious consumers, aiming to differentiate themselves, enhance competitiveness, and address

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environmental threats to long-term economic growth and societal welfare. Therefore, governments and academia are currently investing time and resources to formulate innovative solutions and sustainable strategies to address these environmental issues while supporting inclusive and sustainable economic growth [2]. Shared Value (CSV) integrates profit, people, and planet within the Triple Bottom Line framework, serving as a business strategy that seeks financial gains while addressing social welfare, poverty, and environmental issues—an extension of the Triple Bottom Line principle emphasizing the synergy between business success and positive societal and environmental contributions. Creating Shared Value contributes to sustainable business goals by emphasizing the relationship between business strategy and social causes/objectives [3]. The primary question guiding this inquiry is: How does the relationship between Creating Shared Value (CSV) and the determinants of sustainable business performance manifest, and what specific factors contribute to the synergy between economic success, social well-being, and environmental sustainability? The study aims to identify and analyze the mechanisms through which CSV fosters a harmonious integration of economic growth, social welfare, and environmental sustainability, ultimately contributing valuable insights to the discourse on sustainable business practices. This research aims to explore how Creating Shared Value (CSV) can contribute innovative solutions for integrating economic success, social well-being, and environmental conservation in sustainable business practices, offering a deeper understanding of its transformative impact.

2. Method

In this research, a comprehensive analysis conducted 20 articles. The use of methods, data, and analysis in this literature study is carried out through the following steps:

1. Literature Search: Articles, journals, and other publications are collected from various sources, including major databases such as Google Scholar, Scopus, and Emerald Insight. The search employs keywords such as 'Creating Shared Value,' 'Green Entrepreneurial Orientation,' 'Green Innovation,' 'Green Marketing Strategies,' and 'Sustainable Business Performance,' along with various combinations of these keywords.
2. Inclusion and Exclusion Criteria: The studies conducted in this review adhere to specific criteria:
 - a) Articles published in indexed international journals.
 - b) Published within 2011-2023.

c) Mainly focusing on one or a combination of Creating Shared Value, Green Entrepreneurial Orientation, Green Innovation, Green Marketing, and Sustainable Business Performance.

3. Review Process: Once the literature is collected, each source undergoes a comprehensive review to understand the findings, methodology, and context of the study. This step allows for identifying major themes, patterns, and relationships between recurring variables in the literature.

4. Thematic Analysis: The reviewed literature is then analyzed using a thematic approach. Main themes and subthemes are identified based on their frequency and relevance in the context of the literature review. This approach ensures a coherent and structured synthesis of the literature, shedding light on the nuanced connections between CSV and determinants of sustainable business performance.

3. Result and Discussion

3.1. Creating Shared Value

Creating Shared Value (CSV) was introduced by Michael Porter and Mark Kramer in 2011. This theory suggests businesses can create significant economic value by actively addressing social and environmental problems. Creating Shared Value (CSV) is an operational policy that increases the competitive value and performance of the company and simultaneously advances economic, social and environmental conditions [4]. Creating Shared Value can be integrated in various ways based on the unique framework of business-society relations [3]. In the Creating Shared Value theory, several components form this approach. The following are some of the main features of the Creating Shared Value concept:

1. Identify business opportunities: Analyze social and ecological challenges to innovate solutions that create economic value while addressing environmental and social issues.

2. Product and service development: Create offerings that meet customer needs while minimizing negative impacts on society and the environment.

3. Stakeholder engagement: Actively collaborate with government, communities, NGOs, and customers to understand needs and develop joint solutions.

4. Innovation in the value chain: Optimize efficiency, reduce waste, and incorporate circular economy principles, renewable energy, and eco-friendly design throughout the supply chain.

5. Increasing access and equality: Promote accessibility and equality through training, education, infrastructure development, and economic opportunities for marginalized groups.

6. Measurement and reporting: Develop transparent metrics and indicators to measure and report the company's social, environmental, and economic impacts to stakeholders [4].

By combining these components, companies can create shared value that integrates economic benefits with positive social and environmental impacts. For modern businesses, the path to success is not just about profit—it is about integrating societal and environmental concerns into the very core of their operations.

Nestlé and Unilever are notable examples of successful implementation of the Creating Shared Value (CSV) approach. Nestlé addresses water scarcity through stewardship programs, ensuring responsible water use and benefiting local communities. Unilever, with its Sustainable Living Plan, integrates social and environmental considerations into core operations, reducing its environmental footprint, supporting smallholder farmers, and promoting health and well-being. Both companies showcase the success of the CSV approach, contributing to sustainability and positive reputations. Previous research studies have provided evidence this approach not only fosters economic growth but also leads to positive changes in society and the environment. In this evolving business landscape, shared value offers a promising strategy for companies aiming for enduring success and societal progress. In this research, the nexus between Creating Shared Value (CSV) and the determinants of sustainable business performance is elucidated, namely green entrepreneurial orientation, green innovation, and green marketing strategies.

3.2. Sustainable Business Performance

Sustainable Business Performance emphasizes the significance of three economic, social and environmental aspects in evaluating company achievements [1]. In the context of small businesses, these three aspects are crucial in encouraging innovation and maintaining sustainable business performance [1]. This is in line with the view that sustainable business performance measures how financial achievement, social welfare and environmental management contribute to the overall good of society [5]. However, there is a view that companies tend to give greater priority to economic aspects than social and environmental components [1]. Meanwhile, there are efforts by researchers to find a midpoint between economic and social aspects [6], as well as between

economic and environmental factors [7]. Each element is essential for optimal business performance [8]. The research results confirm that companies can improve their market position and financial performance with an environmentally focused approach. The contribution of this environmentally based strategy can be seen both at the company level and in engagement with various stakeholders such as consumers, suppliers and regulators [1]. Sustainable business performance is achievements that summarize three aspects: economic, social and environmental in organizational operations [9]. Sustainable Business Performance consists of three main aspects: economic, social and environmental [10]. The integration of these three aspects is essential to achieve holistic business sustainability.

3.3. Determinants of Sustainable Business Performance

Several factors can determine Sustainable Business Performance, but we chose three factors that have been widely proven in previous research: Green Entrepreneurial Orientation, Green Innovation, and Green Marketing Strategies.

1. The Influence of Green Entrepreneurial Orientation on Sustainable Business Performance

Studies show that green entrepreneurial orientation has an important role in realizing sustainable business performance: environmental, economic, and social performance of organizations [11]. Manufacturers in developing countries are still grappling with severe environmental challenges and are looking for green entrepreneurship initiatives that can significantly solve these anthropogenic effects [9]. Because the decision-making process is related to the cognitive process, the cognitive level of managers greatly influences decision-making. Green entrepreneurial orientation is a cognitive choice of a company's top managers and is considered an important strategic decision for sustainable company development [12]. Most of the available literature has concluded that green entrepreneurial orientation positively influences sustainable business performance. Green entrepreneurial orientation is a behavioral tendency and strategic posture that integrates entrepreneurial orientation with environmentally friendly value creation [11], focusing on the company's strategic trends to achieve economic, environmental, and social performance. The innovative, pioneering, risk-taking, and aggressively competitive green entrepreneurial orientation characteristics of small manufacturing businesses in Nigeria positively impact financial performance [13]. Green entrepreneurial orientation, such as a company's innovative, proactive, environmental, and social orientation, will lead them to adopt more socially responsible practices and

benefit society [13]. Several studies also focus on balancing green entrepreneurial orientation on economic and environmental performance and environmentally and socially reliable performance. Green entrepreneurial orientation positively affects economic and environmental performance [5]. Embedding socially responsible activities in corporate strategy helps companies play the role of green entrepreneurial orientation to achieve social responsibility and environmental performance [13]. The research results of Baig on 269 manufacturing companies in Malaysia show the significant influence of green entrepreneurial orientation on sustainable business performance [14]. Therefore, green entrepreneurial orientation theoretically helps encourage increased sustainable business performance in small-scale businesses [15]. It is clear that companies that have a green entrepreneurial orientation find a balance between the three and provide valuable resources to achieve harmony in economic, environmental, and social performance [16].

2. The Influence of Green Innovation on Sustainable Business Performance

Green innovation directly influences operational performance, which leads to the company's economic success [1]. In addition, green innovation practices reduce energy consumption costs and waste, which positively impacts organizational costs [5]. The beneficial effect of green innovation on sustainable business performance is due to reduced waste and costs. The influence of green innovation on a company can be assessed from financial, supplier, customer, and government levels and indices [1].

In addition to addressing environmental issues, green innovation is critical in attracting and retaining staff, maintaining better communications, and increasing brand acceptance. Additionally, this innovation has several other benefits, including social responsibility awareness and recruiting and retaining suitable people. The performance of companies that invest in social accountability provide appropriate attention to customers through innovation, and appoint appropriate staff will improve. Previous studies illustrate that corporate green performance improves social performance [1]. Most of the available literature has concluded that green innovation positively influences sustainable business performance.

3. The Influence of Green Marketing Strategies on Sustainable Business Performance.

The research results of Baig on 269 manufacturing companies in Malaysia show the significant influence of green marketing on sustainable business performance [14]. The effect of green marketing strategies on overall business performance was also found in research by Khan [17] and Eneizan [18]. This research is a conceptual paper to study the effects of green marketing strategies on sustainable business performance. This research produces a literature review on green marketing strategies and analyzes

seven factors influencing company performance. As green marketing strategies become increasingly important for companies participating in triple-bottom-line performance evaluations, this research seeks to better understand the role of green marketing as a marketing strategy. Findings from other review articles show a positive relationship between green marketing and economic performance, green marketing and social performance, and green marketing and environmental performance. The overall findings of the review show that green marketing can create sustainable businesses by providing equal contributions to economic, social, and environmental performance [19]. In addition, green marketing strategy is a collection of manageable and strategic strategies that a sector uses to generate the desired response from its target market and customers. The marketing tools the companies below green marketing strategies use include product, price, distribution, and promotion, continuously influencing sustainable performance [11].

The discussion in this article centers on elucidating the nexus between Creating Shared Value (CSV) and the determining factors of Sustainable Business Performance, aiming to provide a thorough analysis of their interdependencies and implications for modern businesses. The Nexus between factors in this study can be explained as follows:

1. The Nexus between Creating Shared Value (CSV) and Sustainable Business Performance.

Creating Shared Value (CSV) is adopted by companies to make sustainable management possible and solve social problems [20]. CSV is concerned with generating economic value in a way that creates value for society by overcoming its challenges [4]. Following are some of how sustainable business performance is related to CSV:

- a) Optimization of social-business balance: companies must balance social and business goals to create shared value [20].

- b) Synchronization of economic and social values: creating shared value involves two types of matter, namely business and social, which must be combined through company strategy, making them compatible [21].

- c) Impact on company performance: creating shared value impacts company performance. Companies can create economic value by creating shared value, which positively impacts society, the environment, profits, and others [21].

2. The Nexus between Creating Shared Value (CSV) and Green Entrepreneurial Orientation.

Some researchers suggest that CSV adoption can be triggered by a sense of survival, a strong ethical attitude, and an individual's or organization's willingness to do good in

society [3]. However, some people doubt the ability of CSV projects to encourage sustainable development processes without making a fundamental shift in the mindset of entrepreneurs from initially focusing on economic growth to prioritizing human aspects of business [22]. Creating Shared Value (CSV) and green entrepreneurial orientation are two concepts related to sustainable business practices. CSV aims to create economic and social value by paying attention to social problems and needs [3]; in line with that, green entrepreneurial orientation is a business orientation that focuses on developing environmentally friendly products and services [23]. By adopting CSV, companies can identify new market opportunities by researching social needs and meeting social and environmental conditions can lead to new products and services. Green entrepreneurial orientation can be used to develop environmentally friendly products and services [23]. CSV implementation can also lead to better environmental performance, which can be promoted through green entrepreneurial orientation efforts. Research shows that adopting CSV and green entrepreneurial orientation can produce significant economic and social benefits for companies [23]). To create a sustainable business, companies can adopt CSV strategies and green entrepreneurial orientation to create economic and social value while paying attention to social and environmental problems and needs.

3. The Nexus between Creating Shared Value (CSV) and Green Innovation.

Green Innovation and Creating Shared Value (CSV) are two concepts that are closely related to each other. Green Innovation can be a way for companies to create shared value by developing new products or processes that are environmentally friendly and socially responsible. This can increase profitability and competitiveness while benefiting society and the environment [24]. It is a way for companies to improve their environmental performance while increasing profitability. Green innovation is a form of value creation that can help companies differentiate themselves from their competitors and meet the needs of environmentally conscious consumers [25]. CSV focuses more on innovation and has a more customer-centric view [23]. In line with this, Green Innovation is an approach to innovation that aims to reduce the environmental impact of products, services, and processes [26]. There is a correlation between CSV and green innovation, as both aim to address society's needs and challenges. Companies can improve their environmental performance by adopting a CSV approach while increasing profitability [4]. By addressing society's needs and challenges through a business model, CSV can unlock the next wave of business innovation and growth [25]. Success factors for creating shared value include innovation, collaboration, and a focus on long-term value creation. Green innovation can be an important component of this strategy by providing new opportunities for growth and innovation that benefit companies and society [27].

Green Innovation and Creating Shared Value (CSV) are vital for socially responsible and environmentally sustainable companies, promoting long-term profitability and competitiveness through continuous innovation, stakeholder collaboration, and a holistic approach that integrates green practices, social responsibility, and environmental sustainability.

4. The Nexus between Creating Shared Value (CSV) and Green Marketing Strategies.

Creating Shared Value (CSV) and green marketing are two concepts related to sustainable business practices. CSV is a business strategy aiming to create economic value while addressing social needs and challenges [23]. In line with this, green marketing is a marketing strategy that promotes environmentally friendly products and practices [28]. Regarding products, research finds that proactive approaches, co-design, and integration strategies are useful in creating social and economic value [22]. Top of Form

This strategy creates economic value in several ways: with experience, companies learn to make sustainable products efficiently; they build good relationships with local suppliers, which reduces their costs; and they gain a reputation that increases their sales [29]. CSV implementation can also result in better environmental performance, which can be promoted through green marketing strategies. By adopting CSV, businesses can identify new market opportunities by investigating societal needs and addressing social and environmental conditions that can lead to new products and services [23]. Green marketing can be used to promote these environmentally friendly products and services to consumers [30]. CSV and green marketing can help businesses create competitive advantages by differentiating themselves from competitors through sustainable practices [31]. Thus, CSV can be used in green marketing strategies as a marketing contribution that includes efforts to generate positive economic, social, and environmental value through socially and environmentally responsible business operations.

Creating Shared Value (CSV) serves as a holistic business strategy that, aligned with Green Entrepreneurial Orientation, Green Innovation, and Green Marketing Strategies, enables companies to identify new market prospects, develop environmentally friendly products and services, and simultaneously create economic, social, and environmental value, fostering sustainable business practices and long-term profitability.

4. Conclusion

The acknowledgment of environmental sustainability as both a moral duty and a business opportunity has shaped contemporary business practices, with Creating Shared Value (CSV) emerging as a strategic approach integrating company success with positive societal and environmental contributions. However, this literature study's limitation lies in focusing solely on three determining factors of Sustainable Business Performance. To enhance scholarly understanding, this research contributes theoretical insights into the pivotal role of CSV, elucidating the intricate relationship between Green Entrepreneurial Orientation, Green Innovation, and Green Marketing Strategies with Sustainable Business Performance. This enriches existing literature by providing a framework for understanding sustainable business strategies. From a practical perspective, the findings offer valuable guidance for businesses in crafting sustainable strategies and integrating green innovation effectively. The research also serves as a reference for policymakers. While shedding light on crucial aspects of CSV and its nexus with Sustainable Business Performance, future research could explore additional determining factors for sustainable business success. Ultimately, the study underscores the critical importance of aligning economic growth with social well-being and environmental sustainability for holistic and enduring business success.

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