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Title	Management of societal value creation through “creating shared value” – Making corporate sustainability more systematic		
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Abstract

This thesis was conducted as an assignment for a multinational technology corporation (“the Firm”) headquartered in Finland. The objective of this constructive research was to systematize the Firm’s sustainability strategy by developing a tailored solution for managing societal value creation. Additionally, theoretical understanding of corporate sustainability was refined.

Corporate sustainability can no longer be regarded as an optional endeavour due to immense stakeholder pressure. In general, managers have recognized this issue, but they are poorly equipped to implement such aspirations systematically. Literature on corporate sustainability is also disharmonious, boasting a multitude of overlapping concepts with vague definitions and disputed characteristics. Accordingly, this thesis aims to tie up the loose ends in both theoretical and managerial domains of corporate sustainability by drawing on the concept of *creating shared value* (CSV). Systematization of corporate sustainability is studied with a pragmatic orientation in the context of for-profit organizations. Firstly, the meaning of CSV for business is elaborated. Secondly, contemporary operationalization methods of CSV are synthesized. Lastly, a new framework for managing societal value creation is constructed which aims to solve the Firm’s problem of fragmented sustainability practices.

The construction was grounded in a diversified literature review and tailored according to empirical findings on the Firm’s context. This data was collected with standardized open-ended interviews and extracted perceptions were compared with official documents. Finally, the resulting construct was validated by subjecting it to a weak market test to Firm executives.

The theoretical contribution was based on a refined conception of CSV. Its original definition was accepted but it was supplemented with enhanced definitional demarcation, role of firms, role of CSV in society, and analytical rigour. Managerial contribution centred on breaking down the complexity related to societal value creation initiatives. Due to being an intensive qualitative study, the theoretical contribution can be generalized analytically whereas the managerial contribution may be generalizable on a case-to-case basis to other firms in similar contexts. Promising avenues for future research were identified especially in terms of internally coherent sustainability performance measurement systems.

Key words	Creating shared value, corporate sustainability, societal value creation
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Tiivistelmä

Tämä konstruktiiivinen tutkimus toteutettiin toimeksiantona suomalaiselle teknologiateollisuuden yritykselle (“Yritys”), jolla on myös toimintaa kansainvälisesti. Tavoitteena oli systematisoida Yrityksen vastuullisuuskäytäntöjä yhteiskunnallisen arvonluonnin kontekstissa ja tuottaa tähän räätälöity prosessi. Lisäksi tutkimus pyrki edistämään teoreettista ymmärrystä vastuullisesta liiketoiminnasta ja kehittämään sen jalkauttamiskäytäntöjä.

Kasvavan institutionaalisen paineen takia vastuullisen liiketoiminnan harjoittamisesta on tullut yrityksille pakollista toimintaedellytysten turvaamiseksi. Yritysjohtajat tunnistavat tämän tilanteen, mutta heillä ei tyypillisesti ole asianmukaista ymmärrystä tai menetelmiä vastuullisuuden jalkauttamiseen. Kirjallisuudessa on myös runsaasti erimielisyyksiä vastuullisuuskäsitteistä ja niiden merkityksistä. Tämä tutkimus kuroo umpeen nykytietämyksen aukkokohtia hyödyntämällä jaetun arvonluonnin käsitettä (*creating shared value* eli CSV). Vastuullisuustoiminnan systematisointi rajataan voittoa tavoitteleviin organisaatioihin ja sitä lähestytään pragmaattisesti seuraavilla tutkimuskysymyksillä: 1) mitä jaettu arvonluonti merkitsee liiketoiminnalle, 2) millaisia jaetun arvonluonnin operationalisointikeinoja on nykykirjallisuudessa ja 3) millainen viitekehys Yritykselle tulisi kehittää yhteiskunnallisen arvonluonnin johtamiseen.

Ratkaisun rakentaminen perustui monialaiseen kirjallisuuskatsaukseen ja se räätälöitiin Yrityksen nykytilan ja tarpeiden mukaan. Empiirinen aineisto kerättiin puolistrukturoiduilla haastatteluilla ja vertaamalla näitä havaintoja Yrityksen virallisiin asiakirjoihin. Konstruktiolle suoritettiin lopuksi heikko markkinatesti haastatteleamalla Yrityksen johtohenkilöitä.

Tutkimuksen teoreettinen kontribuutio perustui CSV-käsitteen jalostamiseen. Sen alkupe-
räinen määritelmä hyväksyttiin, mutta sitä täydennettiin selkeämmällä rajauksella, CSV:tä
käyttävien yritysten roolilla, CSV:n yhteiskunnallisella roolilla sekä analyttisyydellä. Liik-
keenjohdollinen kontribuutio keskittyi yhteiskunnallisen arvonluonnin kompleksisuuden pur-
kamiseen. Koska kyseessä oli intensiivinen kvalitatiivinen tutkimus, voidaan teoreettinen kont-
ribuutio yleistää analyttisesti ja liikkeenjohdollinen kontribuutio voitaneen yleistää case-to-
case –periaatteella muihin yrityksiin samankaltaisissa konteksteissa. Mahdollisuudet tuleville
tutkimuksille ovat lupaavia etenkin aiempaa johdonmukaisempien vastuullisuussuorituskykyä
mittaavien järjestelmien kehittämisessä.

Avainsanat	Jaettu arvonluonti, vastuullinen liiketoiminta, yhteiskunnallinen arvonluonti
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**UNIVERSITY
OF TURKU**

Turku School of
Economics

**MANAGEMENT OF SOCIETAL VALUE
CREATION THROUGH
“CREATING SHARED VALUE”**

Making corporate sustainability more systematic

Master's Thesis
in Operations and
Supply Chain Management

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29.11.2021
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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

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LIST OF ABBREVIATIONS

BOP	Bottom of the Pyramid <i>or</i> Base of the Pyramid
BSC	Balanced Scorecard
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
GDL	Goods-dominant Logic
IO	Industrial Organization
KPI	Key Performance Indicator
MNE	Multinational Enterprise
PMO	Project Management Organization
RBV	Resource-based View
SDL	Service-dominant Logic
SPMS	Sustainability Performance Measurement System
TBL	Triple Bottom Line

1 INTRODUCTION

As verified by the recent climate report of IPCC (2021), human activity has caused a global crisis as the climate will inevitably change in the coming decades. Owing to this report, there is compelling proof that rectifying the situation would require a drastic change in world economy to cut down its emission load. As pointed out by Hart and Milstein (2003, 56), economic interests tend to drive environmental and social exploitation which create problems that are not spatially confined. This infers a global responsibility to all actors for their environmental and social impacts, and for-profit organizations have been firmly included in this debate. Pressure for corporations to embrace more sustainable practices emanates from a wide range of stakeholders, and a “paradigm shift” in strategic management has been demanded for a long time (Candi et al. 2019, 1022; Hart 1995, 991). As a result, corporate sustainability has become a mandatory aspect in contemporary business – not something that firms could decide to opt out on financial grounds (Porter & Kramer 2006, 78). Scholars claim that corporate managers are well aware of this situation and that firms have started to implement various sustainability policies. Still, there is general lack of sufficient understanding and potent methods to realize such sustainability ambitions. In other words, managers do not know how to integrate sustainability with prevailing business models and strategies. (Pfitzer et al. 2013, 103; Searcy 2012, 239–240; van der Waal & Thijssens 2020, 8.)

However, any short-term solutions to the above sustainability crisis are currently not in sight due to lacking theoretical and managerial understanding of corporate sustainability. The field has been riddled with theoretical ambiguity for long, and resolving this issue requires deliberate attention to develop more coherent and pragmatic definitions (Dembek et al. 2016). Partially due to such unclarity, corporate sustainability has typically been characterized by poor management and strategic detachment. These downsides are claimed to hurt firms’ operational preconditions and, thus, prevent them from actively solving societal problems. (Porter & Kramer 2006.) Furthermore, in order for corporations to address sustainability issues with the same vigour as their conventional affairs, *sustainability performance measurement systems* (SPMS) necessitate further research in terms of their design and implementation (Searcy 2012). Accordingly, as long as the above knowledge gaps persist, for-profit organizations are ill-equipped to solve the sustainability crisis – and the society as a whole is worse off.

In order to harness corporate resources and creativity for advancing sustainable development, preconditions for systematic management of societal value creation must be founded. What is meant by “systematic management” throughout this thesis, is the opposite of carrying out projects without thorough background work, established procedures, or clear end goals. Instead, it refers to connecting new endeavours with prevailing strategic objectives and conducting all this with purposeful and sophisticated tools deliberately developed for a given use. (cf. Schaltegger et al. 2012, 96.) The concept of *creating shared value* (CSV) has been praised as one of the most promising approaches to materializing the above aspiration, for example, owing to its ability to yield business cases for sustainability issues (Wójcik 2016). More closely, CSV’s current strengths include its widespread publicity, links between corporate and societal interests, and its potential to reduce the fragmentation of pre-existing approaches to corporate sustainability (Crane et al. 2014, 130). In fact, a symbiotic relationship can already be identified between firms and the society in this context: global sustainability is not feasible without firms’ support and firms’ prosperity is tied to how sustainably they operate (Schaltegger et al. 2012, 96). This thesis aims to unleash this underlying relationship by providing an enhanced approach to corporate sustainability.

To improve the current state of societal value creation, a literature review spanning multiple fields must first be conducted to gain a comprehensive understanding of the topic. As can be inferred from the seminal papers behind CSV, the concept is a combination of strategic management, value creation, and corporate sustainability literatures. (Porter & Kramer 2006; 2011.) These theoretical lenses are carried throughout this thesis, and they set a rough scope for the subsequent literature review. Figure 1 below illustrates this reasoning as a Venn diagram.

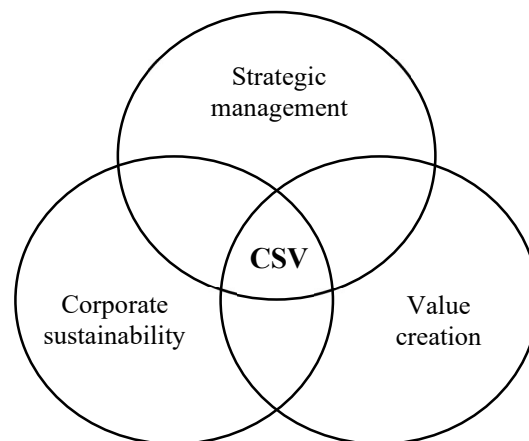


Figure 1 Theoretical scope of the thesis

Since this thesis is conducted as an assignment, the above multidimensional issue will be addressed by a qualitative and constructive research design. The research problem is demarcated as systematizing corporate sustainability initiatives in the context of for-profit organizations. The research gap is defined as the ambiguity within contemporary theory and operationalization of concepts dealing with societal value creation. Much like in the work of de los Reyes et al. (2017), the goal of this thesis is not to discuss corporate sustainability on public policy level but to give concrete guidelines for managers how to successfully combine the interests of both corporate and societal stakeholders. Accordingly, this thesis does not aim to further highlight the importance of sustainable development but rather provide novel insights into the design and implementation of sustainable procedures (cf. Searcy 2012, 239). In other words, this study does not elaborate on *whether* but *how* to be sustainable.

The objective of this thesis is to provide explicit theoretical and managerial contributions: advance scholarly understanding of corporate sustainability and its operationalization as well as resolve the current problem of the assigning organization. Managerial contribution is mostly limited to the organization in question due to a tailored approach. Since conducting a longitudinal or an extensive multiple case study is not feasible within the scope of this thesis, the practical results will primarily answer to the organization's specific needs. However, the resulting construction to manage societal value creation can act as an inspiring example for other actors and organizations on how to improve their sustainability strategies and procedures.

1.1 Assignment

The principal of this assignment is a multinational enterprise ("the Firm") in technology industry headquartered in Finland. The Firm has invested increasingly in transforming its operations more sustainable and is now turning its focus to societal value creation. The Firm acknowledges that it has a significant impact on surrounding communities and the environment, and it has been monitoring these impacts through social and environmental value creation frameworks. However, these methods are currently being used without a thorough understanding of their applicability and there exist no standardized organization-wide processes for such analyses. Accordingly, the Firm wants to be more precise with managing and measuring its societal value creation, but it currently has no conception of how to achieve this. The above problem will be addressed by providing the Firm

with a tailored and pragmatic solution that is well-grounded in theory. As suggested by Searcy (2012, 420), the Firm's endeavour requires internal capacity building and, in this case, a new framework for societal value creation will be developed. A custom-designed solution is intended to overcome the potentially shallow conclusions that are likely to result from using generic industry-wide frameworks (cf. Freeman & McVea 2001, 193 from Ackermann & Eden 2011, 180).

The theoretical focus of this thesis follows the classification of Candi et al. (2019), who state there exists three "streams of literature" in the domain of sustainability: not-for-profits, hybrid organizations, and for-profits. According to the nature of this assignment, the last stream is chosen, because the Firm is genuinely for-profit, but it is still aspiring to improve the sustainability of its actions.

1.2 Research questions

The overarching structure of this thesis is as follows. The research begins with examining the topic from an abstract perspective, and proceeds toward a more pragmatic problem-solving focus along the way. This progression is materialized in the below three research questions that are addressed in the following order.

RQ1: What does the concept of CSV mean to business?

The first question aims to refine the current definition of CSV. The resulting new conception may not be completely novel, but it aims to convert CSV into a theoretically justified concept that also functions as an approachable tool for managers to solve real-life problems (cf. Martinsons et al. 1999, 86). The reforming orientation of this research question stems from the call for future research from Hoskisson et al. (1999, 446) as they stated that complex issues could be solved by further developing contemporary theories. Next, the focus is turned to the implementation phase of CSV.

RQ2: How can CSV be operationalized?

The second question takes the level of inquiry onto a more concrete level by studying contemporary methods of converting CSV literature into practice. As a result, a synthesis of promising CSV frameworks is presented which, in turn, is used as an input for developing the solution for the Firm. Thirdly, by using the previously acquired knowledge, the solution to the Firm's problem will be designed.

RQ3: What kind of a framework should be developed for the Firm to manage societal value creation?

The third question is the most pragmatic one and it aims to solve the Firm's specific problem. That is, the solution's final characteristics or novelty cannot be predetermined but, instead, such qualities are formed endogenously along the research process.

This thesis proceeds as follows. Next, a literature review spanning chapters 2 and 3 is conducted and it has a three-fold purpose: 1) to sum up the past academic discussion to the reader, 2) to provide tools for producing the refined conception of CSV, and 3) to provide a sound theoretical basis to the codebook, interview structures, and the new solution for the Firm. In chapter 4, the research design is elaborated together with data collection and analysis methods. Empirical results are presented in chapter 5 and key insights are extracted. Next, chapter 6 serves as an interim stage where the elements of the new construction are compiled and justified to provide transparency to this research. In chapter 7, the construction is subjected to a weak market test, and theoretical and managerial contributions are presented. Finally, chapter 8 will present concise conclusions.

2 STRATEGIC MANAGEMENT, VALUE CREATION AND CORPORATE SUSTAINABILITY

As seen in Figure 1, the three streams of literature may overlap to some extent and, thus, certain concepts may be brought up more than once. However, to keep this literature review concise, these streams of literature are only discussed in a depth appropriate for the assignment. Consequently, certain established views may be left out. A major objective throughout this chapter is to link these diverse topics to the Firm's problem and, accordingly, all focal concepts will also be discussed from a managerial perspective.

2.1 Strategic management

To begin with, different perspectives to strategic management will be examined in order to establish a comprehensive theoretical foundation for later refinements. Hoskisson et al. (1999) explain that perspectives in strategic management literature have varied greatly over time due to "swings" of scholarly attention. Most literature until the 1970s focused on firms' internal capabilities but suffered from generalization inaccuracies due to ignoring external factors. Next, the focus moved to meso-level and discussed industrial characteristics, but this perspective could not adequately explain performance differences between seemingly similar firms. Finally, after the 1980s, the focus has returned to firm-level and examining internal capabilities. This explains why the majority of contemporary literature discusses firms and their resources instead of more abstract competitive forces. Contemporary literature combines internal and external factors but focuses mostly on the internal ones as those can be best affected through strategic management.

One of the pioneers of strategic management is Porter (1985) owing to his book about competitive advantage from the perspective of industrial determinants. Generally, competitive advantage is a focal matter in strategic management literature and Porter defines the concept as providing customers with value that is either superior to that of competitors or more efficiently produced. Drawing upon the *industrial organization* (IO) economics of the time, he argues that firms must make two major decisions to achieve competitive advantage. Firstly, firms must select an industry with good potential and, secondly, improve their relative competitiveness by outsmarting competitors and manipulating the industry for their own benefit. Firms are seen as a mass of rather similar actors who can switch between industries with ease and cause entire industries to change over time.

Accordingly, this industry-level perspective on strategic management is suited to give an abstract or long-term explanation of firm performance.

Bringing in more concreteness, Porter (1985) presented the renowned five competitive forces model that derives generic strategies for achieving competitive advantage. All economic actors and variables are sorted into homogenous categories – buyers, suppliers, competitors, entrants, and substitutes – which are then positioned around the focal industry. Each category forms a separate competitive force that affects industry profitability and the functionality of a given strategy. The successfulness of each strategy is claimed to depend on the combined effect of the above five forces. For example, an abundance of low-cost competitors reduces the relative profitability of a cost leadership strategy. Accordingly, Porter argues that strategic management must primarily strive for reaching competitive advantage which means that all individual strategies should be justifiable according to this objective.

Another abstract perspective to strategic management is that of the institutional theory. Thornton and Ocasio (2008, 104–105) summarize that *institutions* can be regarded as established practices, beliefs, and rules that indicate what is appropriate. Examples of institutions range from cultural traditions to literal paragraphs of law. The permanence of institutions can be approximated with the following rule of thumb: the more tangible their contents are, the shorter their lifespans tend to be. (Williamson 2000, 597.) So, despite dictating the behaviour of organizations and individuals, institutions are malleable, too. They can be influenced intentionally, for example through lobbying, or they can change somewhat spontaneously, such as in a case of conflicting value systems in a corporate merger. Since all economic activity is guided by “logics of actions” driven by institutions, this domain is potentially insightful for strategic management. Institutional factors affect how a given operational environment is understood, which things are focused on, and how they are addressed. (Thornton & Ocasio 2008.) In other words, institutions affect what is seen as valuable or worthwhile business (Schaltegger et al. 2019, 197).

The reciprocal relationship between institutions and societal actors makes it complex to provide managerial guidance but Zucker (1987, 445) recognizes two generic avenues to elaborate on. On the one hand, institutional influences coming from the external environment may push firms into the same mould. For example, environmental regulations are likely to make divergent organizations resemble one another. When firms are coerced to devote more resources to complying with new regulations and societal norms, they end up sacrificing resource efficiency for legitimacy (DiMaggio & Powell 1983). In this case,

firms would try to improve their survival probability by adhering to top-down requirements and conducting tasks they would not voluntarily do. On the other hand, institutional change can also stem from within a firm if new task-oriented procedures are voluntarily selected and integrated into corporate culture. As opposed to the above, this trend would lead into increased stability and operational effectiveness. However, excessive deviation from the “mainstream” may lead to ignoring established best practices and can potentially reduce organizational fit with the external environment. (Zucker 1987.) As such, strategic decision-making can be supplemented with the trade-offs related to institutional theory: balancing between legitimacy and task performance.

Stakeholder theory of the firm combines internal and external perspectives to strategic management. To begin with, a *stakeholder* can be defined as “*any group or individual who can affect or is affected by the achievement of an organization’s purpose*” (Freeman 1984, 53). A central theme in stakeholder theory is to take all relevant stakeholders’ interests into account as intrinsically valuable. It claims that firms should not be regarded as entities which merely transform inputs into outputs but, instead, firms should be seen as constellations of bidirectional relationships. These relationships may apply to groups within or outside the firm from employees to governmental bodies. In addition to describing how firms are structured, stakeholder theory also explains firm performance by assessing how the interests and actions of stakeholders affect strategic objectives. (Donaldson & Preston 1995.)

As for practice, stakeholder management is a central element of strategic management: both the successfulness of current strategies and the spectrum of future opportunities are claimed to be affected by the quality of stakeholder management (Ackermann & Eden 2011, 180; Hart & Dowell 2011, 1474). Freeman (1984) presents three simplified phases to proper stakeholder management. Firstly, all relevant stakeholders must be mapped for a given context, and the nature of their interests or claims must be anticipated. Secondly, a fit between strategic objectives, organizational processes, and stakeholders themselves must be reached. This can be done, for example, by developing appropriate indicators or adjusting decision-making procedures so that stakeholder management is in line with the firm’s goals and mundane activities. Lastly, the former two phases must be materialized by interacting with stakeholders and allocating a suitable amount of resources for stakeholder management. However, despite these rather simple tenets, this domain is hindered by theoretical and practical ambiguity. For example, there are no

explicit instructions to determine which stakeholders are “relevant” or how to reach best performance effects (Donaldson & Preston 1995).

Owing to a shift of scholarly focus toward more tangible phenomena at firm-level, the *resource-based view of the firm* (RBV) got wider attention by the 1990s and has remained a momentous perspective on strategic management (Hoskisson et al. 1999). Barney (1991) presents RBV as a theoretical lens which provides an internal perspective to studying how firms achieve competitive advantage. He summarizes that RBV is based on two distinctive assumptions: firms are heterogenous in terms of resources, and these resources are not perfectly mobile. This suggests that performance differences between firms are caused by their unique characteristics, and that these traits would not level off automatically over time, as opposed to IO literature (e.g. Porter 1985). Kraaijenbrink et al. (2010) acknowledge that RBV is an intuitive way to explain why only some firms prosper in given conditions instead of all firms performing equally. However, they point out that RBV is currently based on rather vague definitions of value and resources, so it is unable to provide anything more than abstract level directions for managers. In short, competitive advantage could be achieved either by gathering valuable resources as a first-mover or by making the best use of existing resources.

A major implication for strategic management is the VRIN classification scheme of RBV (Kraaijenbrink et al. 2010, 350). A resource is claimed to have potential to provide competitive advantage if it is valuable, rare, inimitable, and nonsubstitutable (cf. Barney 1991, 105–106). This implies that firms may outperform their rivals if they possess functional resources which are unavailable for other organizations. *Resources* can be defined as firm assets, capabilities, and attributes implementable for strategic purposes or, more simply, as strengths and weaknesses of an organization (Barney 1991, 101; Wernerfelt 1984, 172). Competitive advantage is ultimately realized by deploying and utilizing such resources but, yet, this phase remains as a “black box” in current literature. Unique resources are regarded vital for good performance but there are still no generalizable guidelines concerning how they should be acted upon. (Kraaijenbrink et al. 2010, 361–362.)

Lastly, in order to make sense of the above issues and manage them, adequate measurement systems must first be in place. Kaplan and Norton (2007, 152) claim that the “cornerstone of new strategic management systems” is the *balanced scorecard* (BSC), which combines indicators related to financial performance, customers, internal processes, and organizational learning. The authors argue that mere financial measures are unable to show the connection between short-term and long-term performance, and that

many vital processes are at risk of ending up uncoordinated. Martinsons et al. (1999, 72) also point out that financial-based performance measures are prone to ignore certain types of performance outcomes, such improved effectiveness or innovations. Accordingly, the philosophy of BSC aims to meaningfully expand the set of measures to provide managers with a better understanding of the current strategy's viability, not just financial bottom line. This is getting more crucial as competition moves towards intangible resources. (Kaplan & Norton 2007.) Accordingly, BSC has gained popularity among firms as a method of going beyond cost savings and toward more value-adding activities. Since BSC is action-oriented, it suggests managers to focus on processes instead of mere results. (Martinsons et al. 1999.) However, Kaplan and Norton (2007, 155) warn that there are always risks related to given measures used. This means that even a seemingly balanced set of indicators may yield strategically irrelevant information if they are not connected to core business variables.

As Hoskisson et al. (1999) point out, globalized markets and complex competitive arrangements are pushing strategic management into a more interdisciplinary direction. This means that strategic issues are unlikely to be solved by resorting to individual frameworks but, instead, they require combining methods and knowledge from multiple fields. Following this reasoning, the Firm's assignment will also be addressed by drawing on value creation and corporate sustainability literature and later combining these domains with the help of CSV.

2.2 Value creation

2.2.1 Nature of value

The definition of value has been under persistent debate, and there is no consensus on what value truly is: whether it should be seen as simple and measurable or abstract and multidimensional. This definitional imperfection has led to misusing value as a concept, such as confusing it with other terms, like quality or price. (Sánchez-Fernández & Iniesta-Bonillo 2007.) Vargo and Lusch (2004, 3) summarize the development of value from an industrial concept that is "embedded in manufactured products" to the modern, service-oriented version. Traditionally, goods were thought to be the source of value due to their inherent utility or other useful features. Later, the perception of value transformed into a complex and context-specific phenomenon as scholars turned their focus to service-like

interactions through which value is extracted. Accordingly, there are two dominant approaches to value in academic literature: goods-based and service-based value.

As for the former trend, *value-in-exchange* is a well-established example of the goods-based value perception. Here, the inherent utility of a manufactured product is regarded as value which is then transferred to the customer during a purchase transaction. This means that value is something that can be inferred from the physical characteristics of a product – mere raw materials are seemingly useless, but a finished product is abundant with value that is equally relevant for all customers. (Vargo et al. 2008, 146; Vargo & Lusch 2004, 7.) There are also various other approaches aiming to explain value in a quantifiable manner. One perspective is to see value as an intentional trade-off between perceived benefits and customer's sacrifice: a ratio of utility to paid price. Alternatively, value can be regarded as a means to a customer's ends, and this "fulfilment rate" could be assessed with such indicators as price, quality, or expectations met. In other words, this kind of value would be rather simple to understand and measure. The simplicity of goods-based value is partially based on ignoring customers' own perceptions of what value means for them and, consequently, this perspective has been criticized for not depicting reality. (Sánchez-Fernández & Iniesta-Bonillo 2007.)

In response to the above shortcomings, service-based value has gained foothold in recent decades. *Value-in-use* is an example of this, and it is based on the notion that firms cannot embed their offerings with value beforehand, because it is the customer who determines value during consumption. For example, a product may yield value when it provides a pleasing "service" for its user, like a car providing prestige transportation. (Grönroos & Voima 2013; Vargo et al. 2008.) In this sense, no actual value can be created before the customer interacts with the offering (Sánchez-Fernández & Iniesta-Bonillo 2007, 427). As a minor supplement, *value-in-context* augmented this reasoning by including contextual factors, such as surrounding norms, which affect how customers derive value from offerings (Akaka et al. 2012). In both cases, value is understood as something that improves the wellbeing and survivability of its beneficiaries (Vargo et al. 2008, 148). These concepts aim to provide a rich understanding of value by focusing on the final beneficiaries instead of firms. However, such multidimensionality and personal interpretations will simultaneously hamper the exactness and operationalization of value. A key managerial take-away from this multidimensional perspective is the impermanence of value: whenever customers' perceptions or contextual factors change, so does the value of a given offering. (Sánchez-Fernández & Iniesta-Bonillo 2007, 436, 442.)

2.2.2 Perspectives on value creation

Since there are competing perceptions about what value means, there are also competing perspectives on how value can be created. This is a crucial topic because value creation has been stated to be the core purpose of all economic exchange (Vargo et al. 2008, 145). According to the *goods-dominant logic* (GDL), the purpose of economic exchange is to produce and distribute goods to be sold and consumed (Vargo et al. 2008). The *value chain* is an embodiment of GDL, and it depicts value creation as a linear process which is driven by a focal firm and supported by its partners. Instead of assessing firms as solid entities, the value chain represents firms as combinations of sequential value-adding activities – raw materials are extracted, components are assembled, and final products are delivered to customers. Thus, value is accumulated in products during their advancement through the value chain and value is ultimately materialized as total revenue from customer purchases. (Porter 1985.) Similarly, Grönroos and Voima (2013, 136) illustrate this progression as a build-up of value along a lengthy manufacturing process which is followed by an instantaneous moment of exchanging utility for money. Owing to these characteristics, the firm-centric value chain model is an intelligible managerial tool, and it suits those contexts which include transforming tangible resources into goods to be sold.

Due to the above simplicity, the tenets of GDL have been questioned in recent literature. For instance, regarding firms and customers as opposing parties in value creation may not yield appropriate insights. (Vargo et al. 2008, 147–149.) General issues identified with GDL include placing excessive focus on firms, ignoring relationships or intangible assets, and measuring value by price. For these reasons, the value chain model cannot thoroughly explain what happens in value-creating activities which do not include transforming raw materials into end-products, for example, as in sharing knowledge between supply chain partners. Since “discrete money-for-goods exchange” is claimed to make up only a fraction of all economic exchange in society, a new and more comprehensive logic for value creation is needed. (Akaka et al. 2012.) So, although GDL provides a rather intuitive perspective into value creation, it will inevitably provide incomplete insights due to its narrow scope.

Service-dominant logic (SDL) has pioneered value creation literature by stating that all economic activity is based on trading resources that enable actors to produce value for themselves (Vargo & Lusch 2004). In contrast to a firm-centric value chain, the unit of analysis in SDL is a *service-system*: a network of diverse actors who exchange services.

Thus, value creation is no longer seen as a clearly linear process with “producers” and “consumers” but as collaborative value *co-creation*. (Vargo et al. 2008.) These mutually beneficial relationships are formed because individual actors typically do not have the required resources or skills to create value by themselves. High specialization can cause these value networks to end up vast and complex, and no single actor may be able to control an entire network. The related complexity is further increased by institutions: prevailing norms affect what is regarded as value at a given time but, reciprocally, all institutions are shaped by activities within value networks. (Akaka et al. 2012.) All in all, SDL has three major managerial implications. Firstly, firms can merely support the value creation of its customers, that is, no value can be created by firms alone. Secondly, value creation must be assessed through networks of mutually beneficial relationships instead of firm-centric value chains. Lastly, managerial focus should shift from physical end-products toward intangible resources, such as knowledge, which drive service exchange and value co-creation. (Vargo et al. 2008.) Akaka et al. (2012, 44) highlight the above by claiming that network management should be regarded as a core competence of all firms.

Putting the above into practice is a difficult task, and Grönroos and Voima (2013) recognize that there are chronic definitional issues in modern value creation literature. Whereas GDL tends to oversimplify or even ignore certain value creating activities, SDL’s excessive reliance on the “co-creation metaphor” renders the topic unclear and unmanageable. In order for these value creation concepts to be useful in practice, they require higher accuracy and lower complexity. Accordingly, the above authors aspire to make value creation more comprehensible by depicting the related processes as explicitly demarcated “spheres” of influence. This idea is presented in Figure 2.

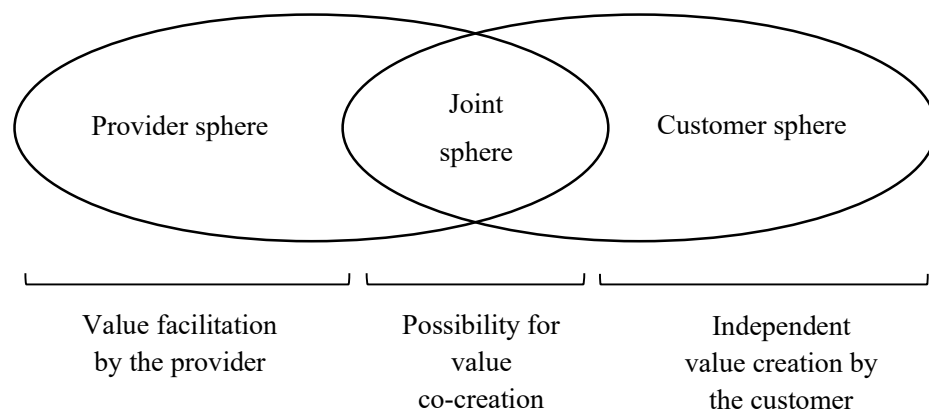


Figure 2 Spheres of value creation (adapted from Grönroos & Voima 2013, 141)

Following this reasoning, service-based value creation can be represented as the converging spheres of two parties: providers and customers. Both can act freely within their own areas of influence, but it is only at the intersection where value co-creation can occur. Taken together with the modern conception of how value emerges, real value can only be created by the customer, but the provider may facilitate this process by supplying the customer with various resources. At the point of contact where both parties have adequate visibility into each other's processes, value can be co-created through interaction. This model permits that value creation can occur non-linearly or accumulate gradually in use, but it is represented in a manner which better enables managing the phenomenon. (Grönroos & Voima 2013.)

In conclusion, the idea of value has changed quite radically. However, none of these competing conceptions of value or value creation can be declared right or wrong but, rather, they are competing perspectives into the same issue: how to determine whether something is desirable. Accordingly, the decision to use either perspective should be based on reaching "fit for purpose". (Sánchez-Fernández & Iniesta-Bonillo, 2007.) As Akaka et al. (2012, 29) point out, value-in-exchange can be useful for measurement purposes, whereas value-in-context provides richer understanding into value creation as a phenomenon. This contextual fit is a promising feature especially in terms of the later construction phase of this thesis.

2.3 Corporate sustainability

2.3.1 Central sustainability concepts

There are diverse perceptions of the meaning of sustainable business. Pfitzer et al. (2013, 101) state that "business at its best" means simultaneously meeting societal needs and being profitable. Dyllick and Hockerts (2002, 131) suggest that corporate sustainability would refer to satisfying the needs of relevant stakeholders without neglecting those of future stakeholders. Finally, Hart and Milstein (2003, 56–57) add that such practices should also have a strategic connection to the firm in question. However, combining the interests of society and for-profit organizations has not been a straightforward task. Business has typically been tightly connected to sustainability discussion and due to high public pressure towards firms, managers have had to start looking for new ways to bring these conflicting interests together. (Porter & Kramer 2006.)

Although sustainability literature boasts an abundance of noteworthy concepts for addressing the above issue, the assignment at hand will determine which concepts are taken into closer scrutiny. Among the most fruitful ones is the *triple bottom line* (TBL), which evaluates corporate outcomes on three levels: financial, social, and environmental. The concept aims to reduce the dominance of monetary performance measures and shift managerial focus toward other interest groups than mere shareholders. (Elkington 2013.) For instance, in addition to costs and revenues, the impacts of a strategy can also be assessed according to emissions released or contribution to local education. Perhaps the biggest potential of TBL manifests in future measurement systems for corporate sustainability: the three perspectives provide a promising framework for developing more functional and truthful metrics (cf. Spitzbeck & Chapman 2012, 506; Wójcik 2016, 48). However, the categorization scheme of TBL is not completely unproblematic as it has also been criticized for causing information silos. In fact, TBL-thinking may lead managers to assess different sustainability aspects separately which may make it unfeasible to conduct sensible comparisons or analyses with such data. (Maltz et al. 2011, 345.)

Another central issue in corporate sustainability has to do with those social and environmental impacts which are yielded as “by-products” of economic activity. *Externalities* are either negative or positive spillover effects that can be regarded as societal costs and benefits. For example, a polluted piece of land is a negative environmental externality whereas improved employee wellbeing is a positive social externality. (Maltz et al. 2011, 345.) The contemporary clash between society and corporations can be traced back to the issue of unresolved negative externalities. In this case, firms have been able to generate exceptionally high profits because their costs are partially borne by the society via such externalities as pollution or poverty. A potential solution to this conflict would be to internalize any negative externalities to the instigating organizations by having them cover these societal costs. (Mohammed 2013.) In this discussion the role of governmental interventions has typically been emphasized and, for example, emission taxes is one method to internalize environmental degradation in firms’ cost structures (Elkington 2013, 14; Schaltegger et al. 2019, 197). However, externalities may also be internalized proactively by firms themselves through novel accounting systems or holistic value creation models. Nevertheless, this necessitates that these firms would be able to overcome the difficulties related to quantifying societal phenomena (cf. Mohammed 2013; Maltz et al. 2011).

Lastly, for the sake of its popularity, *corporate social responsibility* (CSR) will also be presented. There exists a multitude of competing definitions for this concept, but

Dahlsrud (2006, 4) summarizes that CSR is typically associated with TBL-thinking, stakeholder focus, and corporate self-regulation. In other words, CSR means being voluntarily more “sustainable” than required by current regulations. Conventional motives for conducting CSR include fulfilling stakeholder needs, achieving cost savings, enhancing risk management, and improving corporate reputation (Searcy 2012, 239). Although CSR is driven by both internal and external drivers, an institutional or compliance-oriented view of CSR is more prominent in current literature, nevertheless (Ashrafi et al. 2020, 10). For example, Porter and Kramer (2006; 2011) claim that CSR quite often ends up in a defensive stance and focuses mostly on guarding one’s *licence-to-operate* or preventing hostile stakeholder reactions.

The shortcomings of contemporary CSR are plentiful and, thus, worth discussing more closely. To begin with, the lack of a clear definition for CSR may have adverse repercussion as firms can continue harmful practices and mask them to belong to an insincere interpretation of CSR (Voltan et al. 2017, 348; Wójcik 2016, 36–37). In addition, CSR has been accused of being ineffective for societal issues and irrelevant for business. For instance, CSR tends to juxtapose the interests of the above two parties leaving firms for having to compensate for their existence. Consequently, CSR may depict corporate sustainability as a “zero-sum game” where good deeds are bad for business or good business is bad for society. (Mühlbacher & Böbel 2019; Porter & Kramer 2006.) Lastly, this conflict is exacerbated by an institutionally exerted moral obligation to CSR which means that firms are pressured to implement sustainability initiatives without properly assessing their strategic fit or ultimate outcomes (Candi et al. 2019, 1021; Porter & Kramer 2006). When sustainability is based on distributive justice or presupposed profitability, firms are likely to gravitate towards philanthropic initiatives. Although such activity may have positive societal impacts, strategically disconnected endeavours are potentially value-destructive for firms. (Donaldson & Preston 1995, 84; Kim et al. 2020, 382; Wójcik 2016, 37.) All in all, the above exemplifies a general deficiency in conventional corporate sustainability. The tenets of CSR include certain elements which undermine the preconditions for a mutually beneficial relationship between society and for-profit organizations.

2.3.2 Managing sustainability

Useful theories explaining corporate sustainability are institutional theory, stakeholder theory, and RBV (Ashrafi et al. 2020, 1). Respectively, these theories instruct how to gain legitimacy, whom to focus on, and how to make the best use of internal resources to

execute sustainability initiatives. As for institutions, Schaltegger et al. (2019, 197) point out that these external influences have a great effect on how corporate sustainability gets implemented. For instance, sustainability was not a high priority for firms during the first half of the 20th century since the institutional climate of that time did not emphasize the issue notably. However, to this day, as environmental and social problems have become more tangible, higher governmental and public pressure has forced firms to adopt sustainable practices to ensure adequate legitimacy. (Ashrafi et al. 2020.) De los Reyes et al. (2017) highlight the importance of strong institutions for sustainable business but they also claim that not all contexts entail clear norms to follow. They suggest that these “regulatory voids” require corporate intervention to construct new norms to back up the lacking institutional forces. Searcy (2012) recognizes the same issue and claims that CSR can be regarded as an example of corporate self-regulation in the absence of sufficient governmental support. Ideally, proactive sustainability policies could help to prevent such costly top-down interventions as seen in the new environmental regulations of the seafaring industry (UNCTAD 2020, xii; Wójcik 2016, 41).

The prominence of stakeholder theory is likely to grow in the future as sustainability ambitions tend to increase the number of “relevant” stakeholders to be managed (Ackermann & Eden 2011, 194). More precisely, attention is currently moving toward those stakeholders who are external to the focal organization or typically left out of narrow-minded management (Cardoni et al. 2020, 10). Behind this development are trade-offs and conflicts within contemporary business models which impose negative externalities on surrounding communities and the environment (Wójcik 2016, 34). Such conflicts can be resolved by facilitating interaction with weak or distant stakeholders and fulfilling their needs more equitably. Business success would then result from overcoming the above trade-offs between stakeholders by creating value for all parties via synergetic business models. However, when it comes to tracking past performance, it is difficult to measure created stakeholder value with current managerial tools. Typically, residual financial result is what managers are interested in, but the related costs and expenses usually comprise the core value for non-stock stakeholder groups, such as employees and local communities. (Schaltegger et al. 2019.)

Hart (1995) argues that a mere firm-level perspective in strategic management has contributed to the prevailing social and environmental problems. By taking external constraints better into account, firms would be able to curb environmental degradation and, additionally, harness new drivers for internal capability development. Therefore, the

conventional RBV has been supplemented several times, for instance, by Hart's (1995) *natural resource-based view* or Tate and Bals' (2018) *social resource-based view*. These refinements aim to shed light on social and environmental constraints in firms' pursuit of competitive advantage. In other words, they assist managers to find the links between social and environmental resources and strategic outcomes. (Hart & Dowell 2011, 1467; Tate & Bals 2018, 819.) Managerial implications of the above are twofold: the refinements facilitate a more systematic approach to sustainable business, and they underline the significance of dynamic capabilities. That is, to survive in a changing environment, firms should possess the capability to reconfigure their resources, and a proactive sustainability policy is a potential means for that. (Hart & Dowell 2011, 1467.)

A typical source of debate on corporate sustainability deals with the *business case* or, in other words, the required level of profitability or strategic fit from sustainability initiatives (e.g. Ashrafi et al. 2020, 9). For example, the need for business cases has resulted into firms being accused of self-interested behaviour and basing their sustainability agendas on financial profitability instead of total societal value (Crane et al. 2014, 142). Nonetheless, since sustainable development is partially dependent on the contribution of for-profit organizations, it is evident that some sustainability initiatives will be subjected to conventional profitability assessments. Business cases constitute of multiple drivers, such as profit margins, brand value, and projected risks, which are then compared with those of alternative investments. However, sustainability-related business cases are typically difficult to assess due to the incompatibility of conventional accounting systems with non-monetary or intangible outcomes. To overcome these difficulties, such business cases must be created and managed in a systematic manner. Above all, key drivers must be assessed truthfully and proportioned to current organizational conditions. For instance, a particularly ambitious sustainability initiative would only be advisable if the core strategy and business model enable such a proactive stance towards sustainability. (Schaltegger et al. 2012.)

As for the outlook, sustainability literature has recently evolved toward a more strategic direction where sustainability is regarded as an element of competitive advantage (Ashrafi et al. 2020, 9–10). More closely, Cardoni et al. (2020) state that there are two general trends in sustainability management: a shift in stakeholder focus from internal to external and a shift in temporal focus from short-term to long-term issues. Thus, corporate sustainability is becoming more holistic both in terms of scope and time scale. In order for firms to integrate such comprehensive sustainability aspirations into their strategies,

they are likely to face two issues to tackle. Firstly, firms must be able to adjust their business models according to sustainability objectives. Required flexibility would depend on the degree of aspired societal change, ranging from minor supplements to a total redesign of value propositions and a firm's purpose. (Schaltegger et al. 2012, 109.) Secondly, an enhanced sustainability policy will also require a sophisticated approach to monitoring past performance. Searcy (2012) proposes SPMS for this task which would provide comprehensive TBL information for planning and management. He states that the main role of SPMS would be to aid decision-making and support managers' understanding of the current situation and major objectives, not to provide trivial data for external reporting. The latter phenomenon is a common problem of contemporary monitoring and reporting methods, such as the GRI framework, which have been criticized of yielding rather irrelevant and descriptive data disguised as proof of corporate sustainability. To avert these downfalls, new monitoring and reporting schemes must avoid relying on firm-centric input data, such as sustainability spend, and instead, focus on societal outcomes and timely communication. (Bebbington & Unerman 2018, 13; Wójcik 2016, 47.)

Based on the recent proliferation of CSR-related articles, the juvenile sustainability literature has potential to witness rapid development soon (Ashrafi et al. 2020, 7). Future research may redefine traditional academic and professional boundaries and move into interdisciplinary studies more prominently (Bebbington & Unerman 2018, 18). However, given the domain's current conceptual ambiguities, an increasingly multidisciplinary direction might backfire due to exacerbated theoretical confusion (cf. Cardoni et al. 2020). To render sustainability literature more comprehensible for scholars and managers alike, future research should introduce new perspectives *only* if they make the subject matter easier to understand. Thus, development of new constructs for corporate sustainability should be pragmatically oriented – and CSV is well-equipped to fulfil this requirement.

3 CREATING SHARED VALUE

In this chapter, the previous literature review of strategic management, value creation, and corporate sustainability will be taken together to examine CSV. According to this novel concept, operating in a sustainable manner would not be something that firms would do out of external pressure but, rather, due to new forms of competitive advantage. Although this thesis does not directly continue the study of Dembek et al. (2016), their suggestions for future research has greatly influenced the structure of this chapter. More precisely, their first two suggested avenues for future research will be addressed below: definition of CSV and measurement of CSV. Here, the aim is to examine how the literature has progressed to date and, subsequently, enhance the concept by leveraging its strengths and developing its weaknesses. As instructed by Dembek et al. (2016) and requested by the Firm itself, the refined conception of CSV will aim to increase its usefulness and implementability on firm-level. As a whole, this chapter provides answers for research questions 1 and 2 as well as theoretical components that will be used to construct the final solution.

3.1 State of CSV theory

3.1.1 Novelty and strengths of CSV

CSV is based on the former corporate sustainability discussion and its theoretical roots can be traced back to the emergence of societal awareness and the search for mutual interests (Crane et al. 2014, 131; Spitzack & Chapman 2012, 500). Porter and Kramer coined the concept of CSV in 2011 but they laid the foundation for it already in 2006 by elaborating on the strategic link between prosperous business and sustainability. They define CSV as “*policies and practices which enhance firm competitiveness and contribute to community development and relate costs to benefits*”. They state that CSV differs from traditional CSR in terms of its connection to core business. Whereas CSR means conducting philanthropic or compliance-oriented initiatives, CSV refers to a sustainability policy which is based on commercial viability *and* simultaneously contributing to the common good. In other words, CSV does not aim to redistribute corporate profits through sustainability initiatives but, instead, it strives to create “a bigger pie” by expanding the total pool of value in society. Thus, CSV aspires to move away from the “zero-sum” problem which characterized CSR and promotes a mutually beneficial relationship between firms

and society. On grounds of all this, the authors go as far as to predicting a transformation of capitalism owing to CSV. (Porter & Kramer 2006; 2011.)

Porter and Kramer (2006, 89) claim that an enhanced version of corporate sustainability should be based on harnessing value chain activities into generating positive societal impacts. More precisely, CSV can be carried out using three distinct avenues: adapting the current product or service offering, transforming supply chains, or developing local clusters. Firstly, adapting current offering refers to tailoring products or services to fit the specific conditions and requirements of an underserved market. Demand for this exists in both developing and developed economies, and an example of such endeavours is launching products that are safer to use. Secondly, societal benefits can be achieved by transforming the structure and activities of supply chains. This avenue boasts considerable potential for win-win initiatives as, for instance, optimized transportation routes and greater resource efficiency can reciprocally lead into environmental and corporate benefits. Finally, shared value can be created by developing local industrial clusters. Firms must first recognize local deficiencies, understand how they manifest as intra-firm costs or inefficiency, and then fix these weaknesses jointly with local actors. Examples of such issues can be insufficient infrastructure or a lack of competent workforce. By supporting nearby suppliers, communities, and public organizations, it is possible to initiate a positive feedback loop which drives bottom-up societal development and profitable business. (Porter & Kramer 2011.)

A major difference to former sustainability literature is the business orientation of CSV. It is a promising concept for popularizing corporate sustainability because it does not ignore firms' fundamental need for profitability in societal value creation. In other words, CSV does not expect firms to engage in sustainability out of moral obligation but rather out of internal business-related motives. (Wójcik 2016.) However, the concept emphasizes that firms should primarily address those issues which suit their strategy or business model, because such endeavours entail the best fit with the organization's resources and capabilities. Since societal issues are likely to give rise to firm-level costs and adversities, contributing to sustainable development is inherently connected to the pursuit of profits. Including this perspective into corporate sustainability is referred to as pinpointing the "win-win" initiatives. (Porter & Kramer 2011.) Rachmawati et al. (2019, 262) explain that such mutual benefits can be manifested on firm-level as increased market share and on society-level as community development. Ideally, this type of corporate sustainability would not be distinguishable from long-term profit maximization; it is in firms'

interest to have a thriving community around them (cf. Agle et al. 2008, 165). According to Porter and Kramer (2006), CSV may eventually lead into a particular “division of labour” in sustainable development as firms would specialize in addressing strategically relevant societal issues while other societal actors would reciprocally focus on utilizing their core competences on tasks suitable for them.

In terms of decision-making, CSV delivers an auspicious foundation for more comprehensive analyses. Its tenets instruct that all endeavours should address the root causes of given issues and that all related decisions should be based on demonstrable societal impacts. Such a systematic approach to corporate sustainability would enhance managers’ ability to assess societal issues, prioritize alternative initiatives, and implement them successfully. (Porter & Kramer 2006.) These qualities separate CSV from conventional corporate sustainability which typically focuses on treating the after-effects of societal issues or keeps track of sustainability expenditure or other inputs (Porter & Kramer 2006, 92; Wójcik 2016, 47). In order for CSV to achieve its ambitious goals, it must be “*data driven, [...] connected to stakeholders’ goals, and measured with clear metrics*” (Porter & Kramer 2011, 16). Wójcik (2016) encapsulates that one of CSV’s strengths is its *efficiency logic* which acknowledges both costs and benefits of sustainability initiatives and relates them to each other. Accordingly, the logic of comparing sustainability-related expenses with their outcomes implies that no individual sustainability investment should be pursued at all costs. Instead, each initiative should be targeted by those organizations that are capable of producing “*the most impact for the least cost*”. (Porter & Kramer 2011, 12.) In the end, the efficiency logic points to the same conclusion as the strategic perspective of CSV: each organization should specialize in conducting those sustainability initiatives for which they can produce the best outcomes with highest resource efficiency.

3.1.2 Weaknesses of CSV

CSV has been highlighted as one of the most promising concepts in sustainable business owing to its way of pinpointing common corporate and societal interests and being intelligible to managers (Crane et al. 2014, 132; de los Reyes & Scholz 2019, 785). However, CSV has by no means reached a state where it could be recognized as a panacea for environmental degradation or poor social conditions – currently CSV is far from being implementable with ease. The concept has received eclectic critique from numerous authors, and these complaints can be distilled into four rough categories: unoriginality, shallow

role of firms, inability to bring about economic transformation, and poor operationalization (Crane et al. 2014, 132; Voltan et al. 2017, 350).

Several scholars find that CSV is often confused with other sustainability concepts and used rather interchangeably. Although CSV is an attempt to take sustainability into a more pragmatic direction, the concept and its tenets are somewhat vague, too. For example, Cardoni et al. (2020, 2, 11) have described CSV as terminologically heterogeneous and theoretically undeveloped. Similarly, Dembek et al. (2016, 231) state that CSV is currently a managerial buzzword at best. They continue that, in its current form, CSV is at risk of blending in with other sustainability concepts and consequently losing some of its potential. For instance, CSV's efficiency focus of relating incurred costs with benefits can be confused with strategic philanthropy (Spitzeck & Chapman 2012). Moreover, striving for mutual benefits by adapting products to underserved markets overlaps with the concept of *bottom of the pyramid* (BOP) which focuses on serving the poor (Dembek et al. 2016, 242). Together with the above ambiguity, CSV's infant state is claimed to be one of its biggest downfalls as research about implementing the concept is scarce (Spitzeck & Chapman 2012, 500). Thus, it may be difficult to recommend "best practices" for CSV because existing empirical studies are few in number and they present equal support for both positive and negative performance effects (cf. Candi et al. 2019, 1023).

Porter and Kramer's (2011) idea of CSV has also been criticized for making corporate sustainability into another means of driving profits. Merely searching for win-win scenarios, or "cherry picking", has been accused of being more in the interest of firms rather than the surrounding society. On the other hand, CSV is claimed to provide insufficient managerial guidance in situations where adverse trade-offs take place. This means win-lose cases, as in firms selling detrimental products at society's expense, and lose-win cases, as in donating products to the poor without proper compensation to the firm. These win-lose and lose-win cases are claimed to be more frequent and impactful in general, which further undermines the credibility of CSV to address societal issues comprehensively. (de los Reyes et al. 2017.) As a result, the role of firms in sustainable development would remain shallow if they could merely ignore all challenging initiatives based on inadequate profitability prospects (Crane et al. 2014). De los Reyes and Scholz (2019, 787) point out that most sustainability initiatives may be at risk of hitting intra-firm "glass ceilings" as conventional or "non-CSV" investments are more likely to fulfil short-term profitability criteria. Thus, in the long run, CSV may only encourage firms to capitalize

on societal issues, for example, by tailoring “sustainability policies” to yield short-term gains and adequate legitimacy (Crane et al. 2014, 137; Voltan et al. 2017, 355).

CSV is also criticized for not living up to its alleged transformative role on a societal level. Firstly, scholars argue that CSV is not adequately holistic for this task. For example, individual or detached sustainability initiatives are likely to leave firms’ core business models unaltered which may then continue relying on potentially destructive operations. In fact, disruptive sustainability initiatives may pose a risk for prevailing business models which, in turn, may hinder the propagation of truly sustainable business models. As a result, CSV is likely to remain as a harm-reducing “add-on” which would not enable radical change that is required to solve root causes of societal problems. (de los Reyes & Scholz 2019.) In the same vein, Crane et al. (2014) elaborate that the three avenues of CSV are likely to result into negligible impacts in terms of transforming the society; sustainable products may only be a niche category, sustainability agendas may not penetrate far enough upstream in value chains, and societal needs may not receive adequate priority within industrial clusters. As for CSV’s more abstract premises, Lee (2019) finds that CSV’s very foundation on economic logic may prevent it from bringing about a better form of capitalism that Porter and Kramer anticipated.

Lastly, de los Reyes et al. (2017) criticize Porter and Kramer for not providing clear methods for quantifying CSV. This may compromise future frameworks and strategies for corporate sustainability if related phenomena cannot be measured or analysed adequately. Maltz et al. (2011) find that these measurement problems arise mostly from two sources. Firstly, beneficiaries of CSV initiatives are often poorly defined which subsequently renders the measurement of societal outcomes virtually impossible. In other words, managers are not sure whom to focus on. Secondly, contemporary corporate sustainability is rarely based on assessing relevant costs and benefits holistically meaning that related decision-making is likely to be suboptimal. At the moment, there seems to be no instant remedy for CSV’s poor operationalization since universally recognized measures for societal issues are currently missing (Pfitzer et al. 2013, 103). Crane et al. (2014, 137) recognize that these measurement issues may even give rise to “sophisticated greenwashing”, for example, through misinterpreting societal impacts of past initiatives or deceptively promoting irrelevant sustainability data. All in all, due to the combination of definitional unclarity, multitude of societal and financial variables to be considered, and the natural limits of human cognition, CSV may be too complex to be implementable

in its current form (Lee 2019). Thus, the concept seems to lack fundamental prerequisites for facilitating notable societal change while fulfilling corporate objectives.

3.2 State of CSV operationalization frameworks

Next, a selection of promising operationalization frameworks will be introduced to demonstrate how CSV can be implemented using contemporary approaches. As this thesis is partially intended to continue the research of Dembek et al. (2016), some of their recommended operationalization methods are also included here. However, in order to reach comprehensive results and also include more recent studies, additional frameworks were collected, too. The first two frameworks suggest an assortment of key elements that should lead into successful CSV. To begin with, Mühlbacher and Böbel (2019) present five rather abstract success factors which aim to convert “zero-sum” sustainability agendas into win-win strategies. The authors state that in order to ensure successful implementation of CSV initiatives, an organization must fulfil as many of the aspects listed in Table 1 as possible.

Table 1 Success factors of CSV (Mühlbacher & Böbel 2019)

Success factors	Description
Entrepreneurial vision	Managers must make responsible decisions by embedding a societal purpose and awareness in corporate culture
Strategic alignment	CSV initiatives must be essential to fulfilling strategic objectives, and they must be controlled with appropriate evaluation criteria
Networking capabilities	Managers must aim for mutual benefits by facilitating more frequent and intensive collaboration with stakeholders
CSV oriented innovation	Effective CSV necessitates restructuring markets and fulfilling unsatisfied societal needs with novel solutions
Impact monitoring	CSV outcomes must be monitored with standardized indicators and total value creation must be divided into stakeholder-specific objectives

It is essential to note that none of the above success factors are claimed to be sufficient alone. This means that effective CSV is likely to require a thorough redesign of corporate culture and current sustainability agendas. The interdependency of these

success factors highlights that the former disconnected or “add-on sustainability” would not lead into satisfactory results for shareholders nor for societal stakeholders. However, the authors do not provide noteworthy examples of reaching these qualities, so the implementation the above success factors is left for managers.

In the same vein, Pfitzer et al. (2013) present a “checklist” of crucial issues to be addressed prior to implementing CSV. The framework presented in Table 2 aims to amend the poor execution of corporate sustainability by addressing typical downfalls: missing a social purpose, not linking societal outcomes to business results, and ignoring relevant stakeholder networks.

Table 2 Essential elements of CSV (Pfitzer et al. 2013)

Elements	Description
1. Social purpose	Establish a corporate culture of regarding social issues as opportunities and communicate this both internally and externally
2. Social need	Ensure efficiency and efficacy of CSV initiatives by gaining a thorough understanding of the social context and what kind of changes are required
3. Measurement of shared value	Monitor progress by: <ul style="list-style-type: none"> • assessing how CSV drives business value • establishing appropriate indicators • focusing on ultimate outcomes, not inputs
4. Optimal innovation structure	Select the structure which best supports CSV: <ul style="list-style-type: none"> • continue with current business model • establish a new semiautonomous unit • delegate to external actors
5. Value co-creation	Implement initiatives by actively involving external stakeholders and leveraging their capabilities

Pfitzer et al. (2013) claim that the above elements are interdependent meaning that best performance is likely to result from conducting them all together. Accordingly, there exists a sequential logic in the framework: decisions made at former and more abstract phases constrain or enable the possibilities of subsequent and more tangible phases. Although this framework is originally intended to “create profitable social enterprises”, it may also provide useful guidance in the context of conventional for-profit firms. Instead

of transforming an entire business model into a socially oriented one, the framework could also be used on project-level to ensure that CSV initiatives are coherently designed to serve their societal purposes. Furthermore, the fourth element is worth highlighting because it addresses the effects of organizational structure on CSV performance. If the core business model is somehow incompatible with an organization's sustainability ambitions, such initiatives may turn out feasible by, for example, establishing a more agile business unit or collaborating with external social entrepreneurs.

Moving toward more tangible frameworks, Maltz et al. (2011) propose an externality-based approach which aims to rationalize CSV decision-making. The authors suggest a 9-step process which is intended to help managers to compare the value creation potential of alternative CSV investments. Their cost-benefit analysis framework is significantly influenced by a conventional capital budgeting process as it is based on estimating future cash flows and comparing them in present value. The framework is presented in Table 3.

Table 3 Steps to rationalize CSV (Maltz et al. 2011)

Steps	Description
1. Demarcate focal issues	Determine relevant stakeholders by using stakeholder theory, and identify societal issues for which the firm can be held accountable
2. Select a portfolio of initiatives	Use RBV to determine the firm's core competencies and screen a subset of CSV initiatives according to which issues the firm can address profitably
3. Select variables and indicators	Determine which aspects should be monitored in each initiative and how to measure them (e.g. track polluting with tons of CO ₂ emissions produced)
4. Estimate lifetime impacts	Produce a well-argued estimation of all relevant outcomes of each initiative (e.g. tons of CO ₂ emissions reduced during the next ten years)
5. Monetize impacts	Estimate how all relevant impacts would manifest in monetary terms (e.g. how CO ₂ reductions affect emission trading costs or societal costs)
6. Calculate net present value	Convert the value of future cash flows or cost savings into present time
7. Sum up costs and benefits	Accumulate all costs and benefits to see whether an initiative is feasible
8. Conduct sensitivity analyses	Alternate underlying assumptions to assess an initiative's viability in different scenarios
9. Prioritize initiatives	Compare initiatives and categorize them according to highest total value created in excess of respective costs

The above framework of Maltz et al. (2011) aims for high tangibility by linking CSV decision-making with capital budgeting which is generally well established in corporate management. Also, the framework tackles common shortcomings of measuring CSV initiatives by clearly demarcating focal beneficiaries and societal issues as well as relating lifetime benefits to respective costs. However, this approach is problematic due to relying on net present value analyses in societal issues. As typically brought up along with social performance literature, contemporary methods of quantifying or monetizing societal impacts are not adequately sophisticated (e.g. Lisi 2018, 226; Pfitzer et al. 2013, 103). Thus, any results from such frameworks would presumably include significant margins of error

due to inherent ambiguity in assessing societal issues. Furthermore, as pointed out by Lee (2019), the combination of having to estimate a multitude of variables over long periods of time, let alone testing different key assumptions, may turn out to be prohibitively laborious in practice.

Wójcik (2016) argues that one of the fundamental characteristics separating CSV from former sustainability concepts is its efficiency logic, that is, relating inputs to outcomes. His framework presented in Figure 3 has a sequential structure and focuses on assessing different types of CSV outcomes: firm profitability and social value, which is constituted of social benefits and social costs.

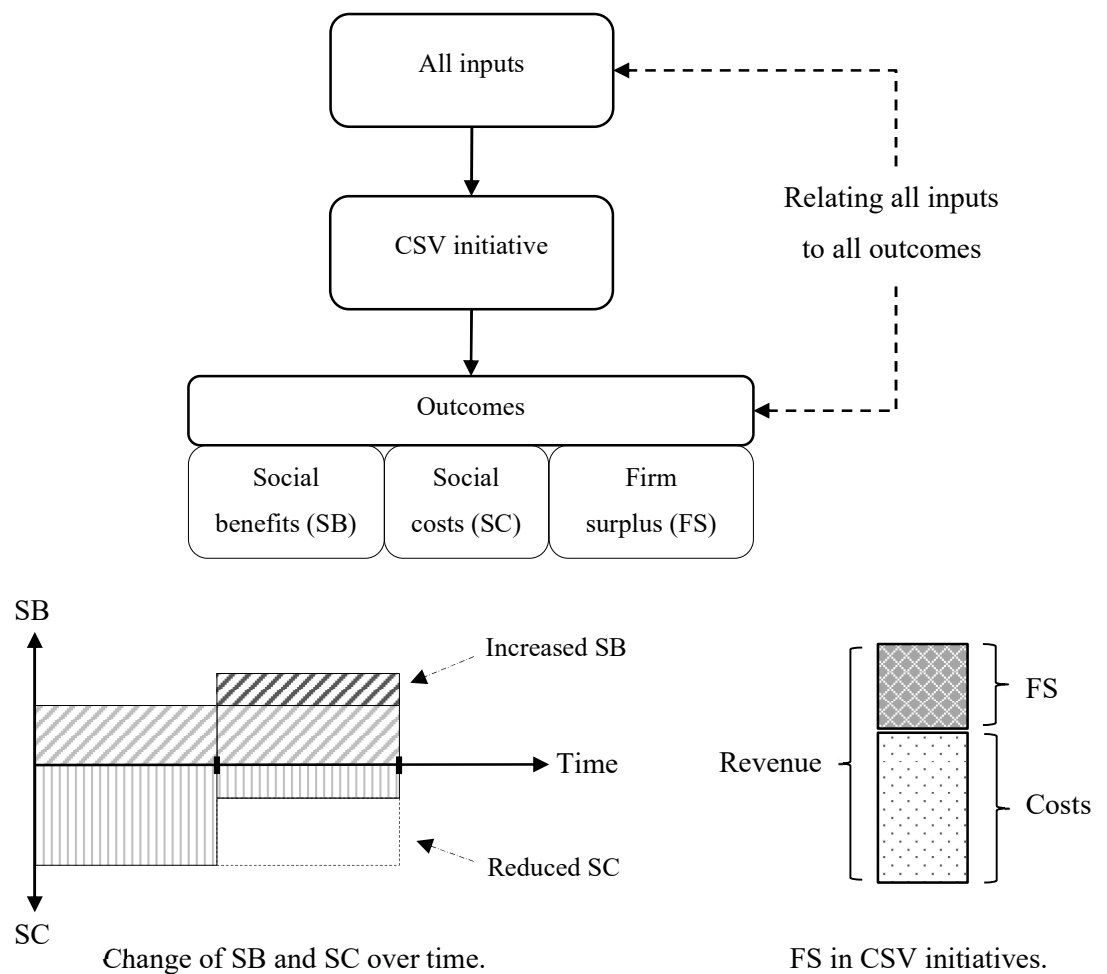


Figure 3 Efficiency logic of CSV with illustrations of all outcome types (adapted from Wójcik 2016)

Wójcik's (2016) framework resembles a simplified process chart of a CSV initiative which leads into three kinds of outcomes. *Social benefits* (SB) and *social costs* (SC) refer to positive and negative externalities, and these can be manipulated over time through CSV initiatives. In other words, social value can be created either by increasing positive externalities or reducing negative ones. Throughout these CSV efforts, firms are in pursuit of maximizing *firm surplus* (FS). These three outcomes are then assessed in relation to the respective inputs to draw holistic conclusions about total shared value created. Accordingly, this framework yields two major insights. Firstly, the essence of CSV is to provide mutual gains for businesses and society. Secondly, the appropriateness of achieved gains must always be evaluated in relation to committed resources. A potential drawback of this framework is its reliance on quantifiable social performance data. In order to reach appropriate conclusions about past efficiency, social costs and benefits must be objectively determinable – a task which is not possible with current methods (Wójcik 2016, 44). However, once such methods have been established, this framework may help to enhance the analytical rigour of sustainability performance measurement.

Taking such sophistication further, Spitzeck and Chapman (2012) propose a TBL-based framework to assess the impacts of CSV initiatives holistically throughout their lifecycles. Their *socio-eco-efficiency* analysis is conducted by categorizing different types of TBL impacts from alternative initiatives, quantifying the impacts, and then comparing the initiatives by using a TBL score cube. The authors suggest using normalized measures to enhance such multi-initiative comparisons. Here, scores above 1 indicate higher than average costs or damage, and scores below 1 indicate lower than average costs or damage. An analysis of two hypothetical CSV investments is exemplified in Figure 4.

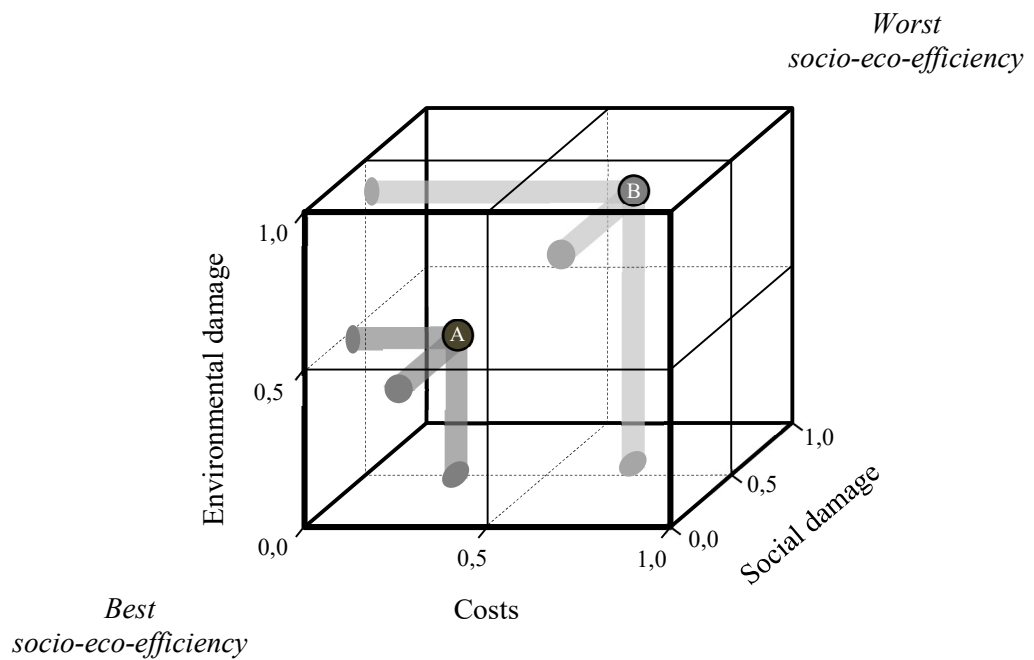


Figure 4 Socio-eco-efficiency (adapted from Spitzeck and Chapman 2012, 506)

In terms of the hypothetical analysis, investment A would be the superior one because it is situated closer to the bottom-left corner of the cube: it has lower costs and causes less social and environmental damage. Thus, investment A has better socio-eco-efficiency. This framework fulfils Porter and Kramer's (2011, 6) value principles for CSV as the analysis is based on relating societal impacts to incurred costs. The distinct strength of this framework is its visuality: multiple initiatives can be compared simultaneously using all TBL dimensions. Accordingly, Spitzeck and Chapman (2012) predict that such visual representation may give rise to enhanced TBL understanding in corporate management. This method may also be particularly fruitful for scenario planning since the viability of alternative strategies can be evaluated holistically and tangibly. For example, an entire portfolio of CSV initiatives could be ranked according to their proximity to the bottom-left corner of the efficiency cube. Nevertheless, it is important to point out that Spitzeck and Chapman's (2012) framework currently only takes negative social and environmental impacts into consideration. In other words, the greatest socio-eco-efficiency would result from an investment which has lowest firm-level costs together with least environmental and social damage. However, merely focusing on negative impacts could lead into ignoring firms' potential to create positive outcomes and, consequently, managers might only focus on harm-reducing initiatives. Accordingly, the above model could provide more

utility if it simultaneously accounted for positive *and* negative impacts on all TBL dimensions. For instance, each dimension could range from -1 to 1, where negative scores would indicate detrimental impacts, zero would be neutral, and positive scores would indicate increased profitability or societal value.

De los Reyes et al. (2017) discuss CSV's viability as a standalone strategy and find that it is suitable only for win-win cases. In either win-lose or lose-win cases, CSV would not provide proper guidelines for managers which may cause such issues to be simply ignored. Accordingly, the authors have developed a framework for identifying whether a societal issue can be addressed by a single firm by leveraging current core competences and standalone CSV. It is worth noting that the authors chiefly discussed this framework in the context of a firm which is already entangled in a societal issue, that is, not in the context of an outside firm planning to increase its CSV portfolio. The framework is illustrated in Figure 5.

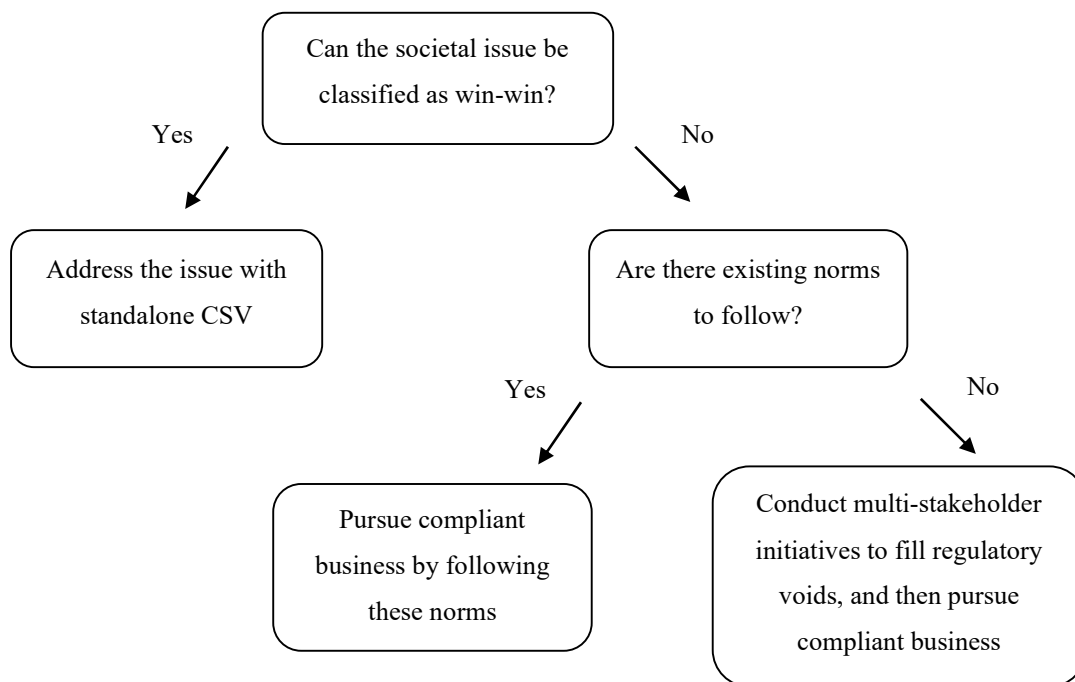


Figure 5 CSV framework for other than win-win cases (adapted from de los Reyes et al. 2017, 152)

De los Reyes et al. (2017) argue that firms cannot merely ignore issues which fall short of conventional profitability requirements. Instead, to ensure adequate legitimacy, firms must find alternative methods to alleviate societal shortcomings either by adopting formerly disregarded norms or, alternatively, by collaborating with other organizations to

create new norms to govern future business. Although the normative reasoning behind this framework does not quite fit with the business-oriented philosophy of Porter and Kramer (2011), it provides longed-for guidelines for managers in situations where adverse trade-offs take place. Shortly put, seemingly unapproachable societal issues could be converted into business opportunities by cooperating with other actors, such as industry associations or non-governmental organizations. De los Reyes et al. (2017) use the Rana Plaza disaster of 2013 as an apt example of the above framework. Had there been corporate will to go beyond financial short-termism by renewing the deficient safety norms, the collapse could have been avoided together with the substantial reputational damage to the multinational enterprises (MNE) sourcing from that factory.

In line with the above framework, Lee (2019) discusses the viability of CSV as an analytical sustainability strategy and promotes a better inclusion of norms in decision-making processes. He argues that CSV is inherently flawed due to being founded on economic logic and he claims that the concept primarily resembles profit-seeking disguised as corporate sustainability. Moreover, he states that predicting societal outcomes and calculating the best CSV investments is too complex for managers' cognitive capabilities. To correct these shortcomings, he proposes a norms-based *logic of appropriateness* to guide CSV decision-making. The framework is illustrated below in Figure 6.

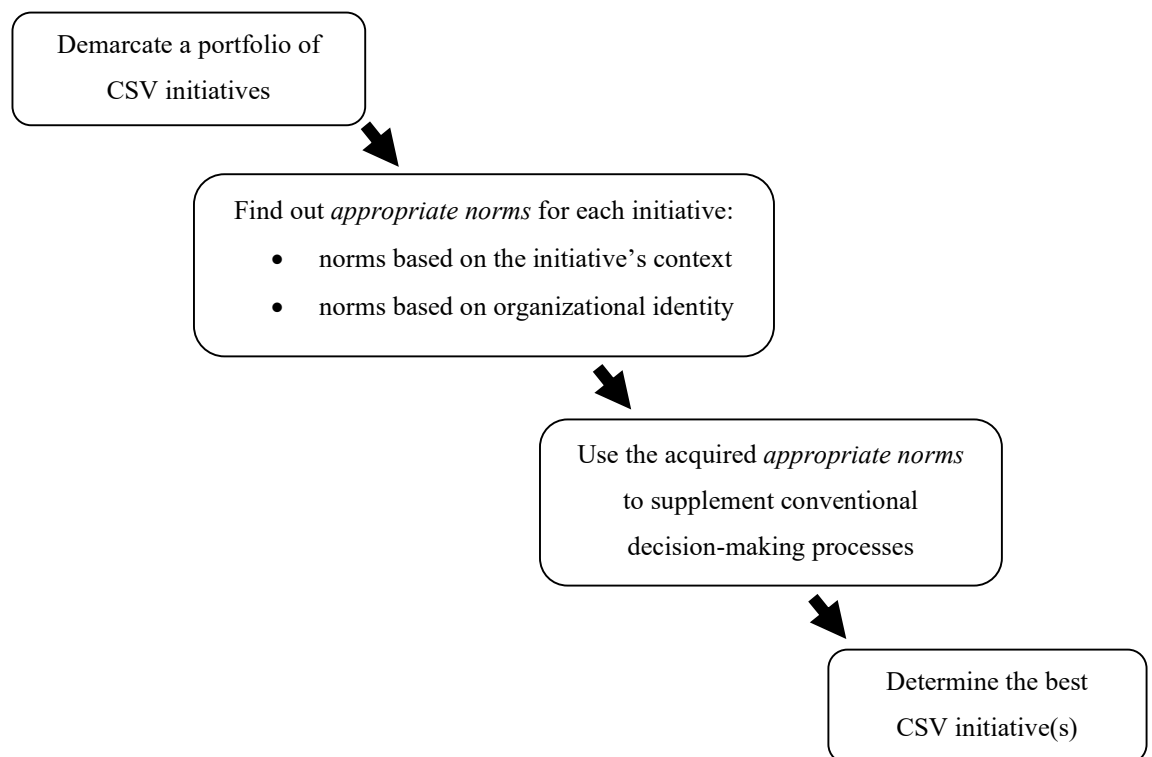


Figure 6 Norms-based CSV framework (Lee 2019)

Lee (2019) claims that successful CSV results from a combination of conventional strategic planning and using a set of norms to provide answers for any remaining dead ends. These “appropriate norms” would be derived from two sources; contextual norms are based on the distinctive requirements of each initiative whereas identity norms originate from the focal firm’s internal culture. In essence, a worthy CSV initiative would be the one that is strategically feasible, compliant with the social standards of given circumstances, and true to the focal firm’s own values. However, the author does not provide notable means of determining whether such a method leads into a favourable result in terms of the focal firm. Accordingly, great significance would be placed on the initial portfolio of alternative investments in order to fulfil corporate profitability requirements.

Lastly, Høvring (2017) highlights the role of communication in bringing these success factors together. The author claims that Porter and Kramer’s (2011) original idea of CSV is excessively centred on corporate management and tangible outcomes. This kind of corporate sustainability might not serve the interests of societal stakeholders as it would rather end up driving the firm’s own performance-oriented objectives. Instead, to ensure that a sustainability agenda would be truly holistic and beneficial for whole society, a communicative approach to CSV is needed. Table 4 comprises of a list of elements which aim to facilitate CSV by bringing relevant stakeholder groups to the negotiating table.

Table 4 Communicative approach to CSV (adapted from Høvring 2017, 249)

Elements	Description
Constructive starting point	Include all opinions and perspectives unbiasedly and leverage this diversity to create holistic solutions
Democratic network focus	Go beyond firm-centrism by involving all relevant stakeholders as equals; even the focal firm should be regarded as a single stakeholder of a given issue
CSV as a negotiation process	CSV efforts must be determined and executed based on continuous discussions about stakeholders’ needs and capabilities; consensus is a prerequisite for shared value

Høvring (2017) finds that CSV should primarily be seen as a negotiation process where corporate and societal stakeholders can express their needs regardless of prevailing power dynamics. These discussions would aim to reach a mutual understanding of what kind of value creation is truly needed and how this can be realized. The key take-away

from the above is to include all stakeholder voices and opinions in CSV planning and implementation. Whereas a narrow-minded sustainability agenda might aim to ignore conflicts and only select win-win initiatives, a democratically communicative approach would utilize the emerging conflicts to construct holistic solutions. Thus, this model prompts firms to consider divergent viewpoints and interest as resources, not as obstacles. However, the author does not provide concrete instructions for how to make a compromise between seemingly incompatible stakeholder interests nor does she comment on what level of profitability should firms expect from CSV.

The selected frameworks were fairly heterogenous, but certain high-level commonalities can be pointed out. As Dembek et al. (2016, 239) also observed, the majority of contemporary CSV frameworks are “assessment frameworks” instead of providing more tangible means of measurement or monitoring. It seems that, in general, CSV and societal value creation are still in such a nascent stage that widely accepted methods to measure the successfulness of initiatives have not emerged yet. Instead, current literature primarily focuses on providing managers with cognitive guidelines, such as checklists and process charts, which help them to conceive societal value creation on an abstract level.

3.3 Initial refinement of CSV

Next, the above literature review is synthesized to develop an initial theory-based refinement of CSV. This means that literature from all the domains illustrated in Figure 1 will be used to enhance CSV’s strengths and overcome its current weaknesses. Following the reasoning of Kraaijenbrink et al. (2010, 351), the value of critique manifests in new ways to improve a given concept. Similarly, as the critique of CSV was grouped into four rough categories, the refinement of CSV will be based on contributing to the following four categories: definitional demarcation, role of firms, role of CSV, and analytical rigour.

CSV’s definitional ambiguity and unoriginality has frequently been brought up in recent literature. This aspect will be addressed according to the recommendations of Dembek et al. (2016, 244): by demarcating the means, outcomes, and beneficiaries of CSV more coherently. Firstly, the means of CSV should primarily be derived from an organization’s strategy since one of CSV’s main objectives is to be an integral part of core strategy (Mühlbacher & Böbel 2019, 319). For this reason, the means of CSV cannot be predetermined in detail but, instead, they emerge according to strategic priorities in each situation (Schaltegger et al. 2012, 101). The only universal directive that can be given is to conduct CSV as a negotiation process between all relevant stakeholder groups.

Societal value creation necessitates reciprocity, genuine collaboration, and common understanding because such value is mostly service-based rather than transmitted via physical products. Since societal value is primarily created or realized by its beneficiaries, the instigating organization must actively communicate with the beneficiaries in order to support their value creation processes. (Grönroos & Voima 2013; Høvring 2017.)

Next, the outcomes of CSV must be elaborated. As hinted above, it is fruitful to examine societal value creation through the tenets of value-in-context. The degree of value created can only be determined by its beneficiaries whose perceptions are affected by contextual factors. For this reason, firms cannot derive or calculate the true value of CSV's outcomes in advance. Likewise, due to the constant change of societal circumstances over the time, equal CSV investments are likely to produce different impacts at different times. (Akaka et al. 2012.) Nevertheless, generic outcome types can still be pointed out. CSV investments provoke changes in positive externalities, negative externalities, and corporate surplus (Wójcik 2016, 49). These outcomes span all TBL dimensions and can include such aspects as local employment rate, state of biodiversity, or firm revenue (Elkington 2013; Schaltegger et al. 2019, 193). So, whereas the actual *value* of CSV can only be determined by its beneficiaries, firms can estimate their performance by measuring the generic outcome types.

As for the final definitional improvement, the beneficiaries of CSV must be demarcated. However, just as the means and outcomes could not be predetermined universally in detail, CSV's beneficiaries are context-specific, too. Since RBV predicts that organizations are principally heterogenous, their strategies and daily operations would not be alike, either (Barney 1991; Hoskisson et al. 1999). This affects their sets of relevant stakeholders and, consequently, there cannot be universal lists of beneficiaries that would be appropriate for all firms (Ackermann & Eden 2011, 191; Donaldson & Preston 1995, 87). Instead, each organization must pinpoint their relevant stakeholders for the entire business model and separately for more specific tasks, such as individual investments. For example, an organization's total sphere of influence could be used as a basis for holistic analyses, but a single CSV initiative might only aim to address the needs of a narrower set of beneficiaries. Purposefully directed efforts are what separate CSV from conventional corporate sustainability, and this necessitates a tailored demarcation of beneficiaries for each context (cf. Maltz et al. 2011).

The next topic to be addressed is the role of firms in tackling societal issues. Wójcik's (2016, 44) summation of firms as value maximisers is used here as a starting point: firms

primarily aim to satisfy their stakeholders by creating economic value and beneficial societal externalities. However, since CSV's exclusive focus on win-win initiatives has attracted lots of criticism, this aspect requires further elaboration. Based on the fundamental differences of business models between for-profit and not-for-profit organizations, it is reasonable to expect them to address different issues through their operations (cf. Candi et al. 2019). RBV represents organizations as unique bundles of resources and predicts that differences in performance can be derived from such resource heterogeneity (Barney 1991). Furthermore, literature on core competences explains that organizations are the most successful when their endeavours are based on these unique and central capabilities (Prahalad & Hamel 1990). For example, MNEs may be better suited to shape global value chains into a more sustainable direction whereas grassroots level social entrepreneurs are likely to have optimal capabilities and legitimacy to spur bottom-up societal transformation (Luke & Chu 2013, 767; Porter & Kramer 2006, 90). This implies that the nature of core tasks varies according to organizational characteristics. To ensure the most efficient and effective allocation of resources between these diverse actors, it is maintained here that for-profit firms may retain their focus on their field of specialization and, thus, are allowed to seek win-win cases (Barney 1991, 116; Porter and Kramer 2011). More importantly, however, further managerial instructions are required for determining *what* a win-win case actually is. To prevent firms from setting insincere profitability requirements for sustainability investments, the "glass ceiling" issue mentioned by de los Reyes and Scholz (2019) will be addressed by including a remark about short-termism. Firms must not assess the viability of a sustainability investment according to mere financial payoff but, instead, based on the combination of long-term financial and strategic outcomes. Hence, an initiative should be deemed unfeasible *only* if there exist no firm-level benefits either in the short- or long-term. Accordingly, initiatives that are favourable in the long run but do not provide immediate short-term payoffs should still be considered win-win, and firms must be held accountable for such societal issues. However, although the contribution of for-profit organizations is vital, they cannot solve all societal problems by themselves (Agle et al. 2008, 162). Therefore, corporations alone should not be expected to tackle such sustainability issues which pose no commercial benefits – these issues necessitate support from other societal actors.

Next, the societal role of CSV will be reworked. It is claimed here that Porter and Kramer (2011) set off in the wrong direction when they claimed CSV is a vehicle for transforming capitalism. Based on the criticism of CSV, the concept is not implementable

in such a way which would justify the high hopes in CSV's launching paper. As opposed to "overpromising and underdelivering", the refined conception of CSV aims to bring its societal role to a more realistic level. Instead of considering CSV as transformative, it would be more truthful to regard it as *transitional* (cf. Driver 2012). What is meant by this nuance is that CSV should not be considered as a "complete" or "optimal" concept which would be sufficient to spur sustainable business on a global scale by itself. A fruitful analogy for the transition perspective can be found from the energy sector – just as natural gas should eventually be eliminated from large-scale use due to being a fossil fuel, it has a notable role in providing moderately clean energy during the transition from coal and oil to renewable energy (cf. Gürsan & de Gooyert 2021). Similarly, it is argued here that CSV is by no means a perfect form of creating value due to the inherent downsides of neoclassical capitalism (Hart & Milstein 2003, 56). Nevertheless, CSV is a noteworthy attempt at making the best use of the tools and incentive structures of the prevailing economic system, while more ground-breaking change must be driven at global political forums. Indeed, according to institutional theory, it would be futile to expect a single managerial construct to bring about such change which would rather require fundamental reformation of contemporary economic institutions (Williamson 2000, 597). According to Zucker's (1987, 446) reasoning about institutional change stemming from organizations, CSV can still be expected to propagate sustainability-oriented "best practices" from firm to firm. However, CSV can only drive such positive change *within* the boundaries of capitalism as it is not capable of changing capitalism itself. All in all, CSV is not sufficient to transform global economy sustainable, but the concept can buy us more time to realize that transformation.

Lastly, the decision-making methods of CSV are refined because the concept has been accused of relying on shallow analyses and defective metrics. Although providing tangible CSV indicators would require a separate study to disentangle persisting quantification issues, the above literature review permits pointing out a general direction for sustainability analyses (Haski-Leventhal 2018, 242–243). To begin with, sustainability investments must not be assessed in isolation but, instead, the focal organization's core operations must be included in these analyses to ensure truthful judgement (cf. de los Reyes & Scholz 2019, 789). This would prevent such controversial situations as contemplated by Dembek et al. (2016, 238) where a firm would conduct CSV by selling a solution to a self-created problem. Accordingly, no initiative can be assumed to have created value without first assessing the instigators total footprint. To fulfil this requirement,

firms should measure the change in all the factors of societal value: positive externalities, negative externalities, and profitability (Maltz et al. 2011, 346; Wójcik 2016, 49). The selection of sustainability *key performance indicators* (KPI) may differ between firms in different contexts, but the above three factors should form the basis for future KPI development. Moreover, gathering sustainability data and choosing analysis methods must primarily serve the specific needs of internal reporting and decision-making (Searcy 2012, 242–243). This means that a firm’s CSV toolkit must not be designed to drive public relations campaigns or provide material for external sustainability reporting but, instead, to pinpoint optimal investments to generate the best societal outcomes.

The above supplements to CSV are grounded in a diverse selection of literature: strategic management, value creation, corporate sustainability, and CSV itself. This refinement is driven by pragmatism, that is, it aims to make CSV more comprehensible and implementable for managers. However, it would be counterproductive to extend the existing definition of CSV as it is already quite long. For this reason, the original definition from Porter and Kramer (2011, 6) is accepted but it is supplemented with four enhancing perspectives that are synthesized in Table 5.

Table 5 Theory-based refinement of CSV

Refinement	Description
Definitional demarcation	Exact means, outcomes, and beneficiaries of CSV depend on the context and the instigator’s strategy but generally <ul style="list-style-type: none"> • all CSV efforts must be genuinely collaborative • value of outcomes is determined by beneficiaries • firms have multiple sets of relevant beneficiaries
Role of firms	For-profit organizations must maximize societal value creation – they prioritize initiatives which fit their core competences, but they are accountable for societal issues which entail at least long-term commercial benefits
Role of CSV	CSV is an enabler of the transition from capitalism to a sustainable economic system – CSV will not bring this change, but it aims to support humankind until that change
Analytical rigour	All analysis methods must be designed to achieve the best societal outcomes in a truthful and holistic manner, and the effects of an initiative must be assessed together with the organization’s total societal footprint

These supplements facilitate introducing CSV to ever more for-profit organizations as the concept can be justified with multiple perspectives. Firstly, CSV is now separated from other concepts more clearly, so managers know what kind of corporate sustainability they are conducting. For example, CSV supersedes conventional CSR by acknowledging that societal value cannot be created or determined by a sole firm aspiring to be “responsible” – such value is always realized jointly. Furthermore, instead of being limited to a specific societal context, like BOP with its exclusive focus on poverty, CSV can be employed wherever societal stakeholders express the need for value to be created. (e.g. Dembek et al. 2016, 242.) In addition to a more functional definition, the new notion of CSV guides firms to construct their business models to maximize societal value. For instance, if the negative impacts of core operations outweigh the positive impacts of a sustainability investment, the firm in question is not creating value in a holistic manner. Lastly, it is important to recognize the fundamental weaknesses of CSV and, for this reason, the concept is referred to as transitional instead of transformative. This refinement does not aim to understate CSV’s potential but to point out that CSV alone is not sufficient to make global economy truly sustainable. In other words, the refinement aims to bring realism into corporate sustainability literature.

4 METHODS

4.1 Constructive research design

A constructive research design was chosen for this thesis because it is particularly suitable for applied project management issues, such as the assignment in question (Oyegoke 2011, 573). This approach also enables achieving “richness and holism” which are required when addressing complex issues (Miles & Huberman 1994, 10). Key characteristics of constructive research design include tackling concrete business problems with novel constructs while maintaining close cooperation between the researcher and the principal. Constructive research is qualitative, empirical, and normative. In other words, it aims to propose improvements which are based on thorough understanding achieved by combining theoretical elements with empirical observations. Thus, constructive research is capable of producing tailored solutions which are grounded in scientific knowledge. (Lukka 2001.) For this reason, constructive research can also be characterized as “scientific problem-solving” (Kasanen et al. 1993, 252). Figure 7 crystallises the constructive approach of this thesis.

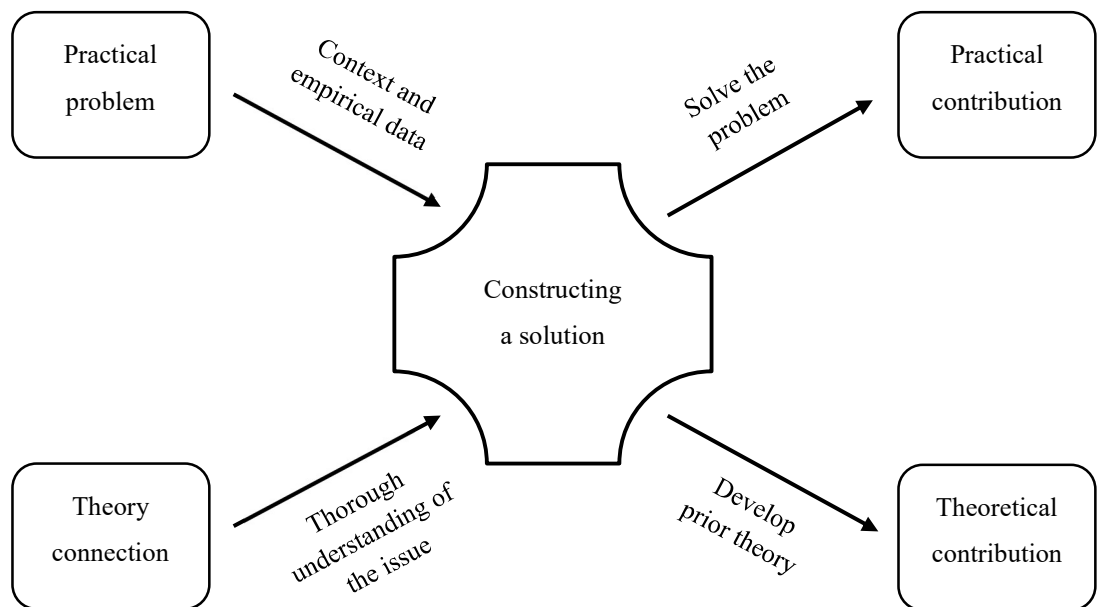


Figure 7 Essence of the constructive research design (adapted from Lukka 2001; Oyegoke 2011, 580)

In addition to providing clear solutions to real-life problems, constructive studies typically produce a theoretical contribution by refining current theories (Lukka 2001). A clear theoretical contribution is also produced in this thesis in the form of CSV theory refinement, which also acts as the foundation for the final construction. Ontology of constructive research is a mixture of interpretivism and pragmatism, meaning that theoretical constructs are regarded malleable according to each context and their “truthfulness” is assessed based on utility and practicality. In other words, truths and valuable solutions are determined based on whether they work in practice. However, embracing a positivist epistemology separates constructive research from mere consulting and, accordingly, this thesis follows a multi-step scientific process. Exact number and contents of these steps varies between scholars, but constructive research can be distilled into six phases: finding a relevant problem, conducting a literature review, designing a construct, demonstrating its utility, presenting research contribution, and mapping the solution’s potential scope. All these steps were covered throughout this thesis, but the progression was not purely chronological as some iteration between different steps also took place. (Oyegoke 2011.)

In this thesis, some abductive elements are also present as the accumulating empirical and theoretical material affected their interpretations. Nevertheless, constructive research cannot be unambiguously classified with the inductive-deductive continuum but, instead, it uses heuristics to provide appropriate solutions. (Lukka 2001.) That is, cognitive shortcuts are used to create useful solutions for contexts which are characterized by seemingly insurmountable complexity. This fits well with the assignment because corporate decision-making is typically based on simplified assumptions and cognitive shortcuts to manage the overwhelming abundance of information. (cf. Lee 2019, 32, 35.) Reaching truly functional solutions necessitates seamless cooperation between the principal and the researcher as well as testing the final solution. To achieve this, a weak market test was conducted by presenting the construction to Firm executives to validate its applicability.

4.2 Data gathering

Empirical data was collected mainly with standardized open-ended interviews and additionally by examining the Firm’s official documents (e.g. Patton 1990, 289). According to Yin (2003, 86), these source types enable targeted and insightful data but also have potential for providing broad coverage. The primary interviews were conducted with three managers and this phase aimed to map the Firm’s context and needs. The interviewees were selected to participate owing to their apposite fields of expertise – each of them

worked in a function that could be associated with one of the literature streams depicted Figure 1. This sampling method was anticipated to lend additional support for the constructive research design by linking the literature review with empirical data. In addition to working in different functions, these participants were situated at different organizational levels ranging from middle to top management. This composition was intended to provide rich and versatile data from multiple perspectives and, also, include elements of data triangulation. Thus, the data sampling strategy follows Patton's (1990, 182–183) purposeful theory-based sampling and the need for including alternative sampling approaches was eventually eliminated owing to achieved saturation of insights.

As for additional data sources, official documents related to the Firm's sustainability strategy and societal value creation processes were included to provide insight into the state of formal communication. Since the Firm's current problem boils down to inadequate understanding and operationalization of societal value creation, availability of relevant documents was rather limited: a recent sustainability report and an internal strategy document. Accordingly, the sampling strategy in terms of documents bears most resemblance with purposeful intensity sampling, that is, selecting information-rich data sources which have a rather neutral sentiment (Patton 1990, 182). However, since external sustainability reporting may be used as a means to promote a positive corporate image, this document was analysed with reasonable caution.

Lastly, as required from constructive research, validation data was gathered about the usability of the final construction in order to infer whether the research has achieved its objectives (Lukka 2001; Oyegoke 2011, 585). Therefore, this phase was not directly related to the above two data gathering methods as it was conducted at the end of the research process. Validation data was gathered through a weak market test by interviewing three high-ranking managers who were selected with the same logic as in the primary interviews, that is, by matching their functions with the literature streams of Figure 1. After a presentation of the construction, the interviewees elaborated on its current structural and functional aspects and whether it has potential to end up in regular use in the Firm. Accordingly, a weak market test only provides information about the principal's perception of the solution; it is not piloted or otherwise tested in a tangible business setting. (Kasanen et al. 1993, 253.)

4.2.1 Primary interview structure

The primary interviews were conducted according to Patton's (1990, 288–289) standardized open-ended approach to gather rich information in a systematic manner. The questions were presented in the same sequence in each interview, but their open-ended wording enabled interviewees to elaborate freely on each topic. As Patton explains, this approach makes later analyses easier as all crucial topics are discussed in each session while also enabling interviewees to bring up issues which could not be anticipated by the researcher. Also, a standardized structure makes the data more comparable and provides transparency to the reader. The English version of the primary interview structure can be found in Appendix 1.

The questions start from a general, strategic level and progress towards more tangible topics, such as current needs and desired features of the new construct. Respectively, the three sections of the interview aimed to find out the general context of the Firm's sustainability strategy, current state of managing societal value creation, and anticipated future development. It was paramount to include questions with a future orientation since the new construct should resolve the Firm's current problems *and* be valid in the long term, too. The aim of enquiring about the interviewees' personal duties was to invite them to elaborate on societal value creation in more detail and find out how sustainability policies materialize in daily routines. The interviews also involved some interactive elements through which the interviewees were invited to partake in developing the new construct. At the end of each session, the interviewees were asked about proposals for improving the Firm's current societal value creation process. The logic here was to avoid constructing a theoretically justified solution which, nevertheless, would have no practical value or which would not address the Firm's true needs (cf. Ackermann & Eden 2011, 194).

These interviews were only conducted in Finnish to allow all interviewees to discuss the topic in their mother tongue. This was intended to reduce the risk of misinterpretations; corporate sustainability is currently at a fairly vague state and business practitioners are unlikely to be familiar with related terms in foreign languages. Furthermore, an ambiguous topic like corporate sustainability is prone to being perceived differently between people and different levels of hierarchy (cf. McLaughlin & Jordan 1999, 67). For this reason, most questions focus on the interviewees' personal views about societal value creation and its current management. On the other hand, in order to avoid anchoring

interviewees excessively to an interpretivist or self-centred sentiment, some questions focused on the Firm as a whole.

4.2.2 Validation interview structure

The validation interviews were designed according to the weak market test as described by Kasanen et al. (1993, 253): finding out whether executives are willing to use the construction in their decision-making. In other words, these final interviews aimed to assess the reception of the presented solution to infer the successfulness of the research. Nevertheless, alternative and more objective methods to test constructions have also been proposed. For example, Labro and Tuomela (2003, 429–431) argue for assessing how frequently and widely a solution is currently being used throughout an organization. Whereas this approach provides a decent understanding of how well a construction has been adopted, it is not suitable for evaluating constructions that have not yet been implemented – as was the case with this thesis. In fact, no purposeful conclusions could be drawn in these circumstances since unused solutions would fail such validation by default. On the other hand, Oyegoke (2011, 585) suggests conducting a pilot case study to demonstrate how the solution performs on a smaller scale. However, due to the limited time frame of a master's thesis and the prevailing lack of established societal value indicators, it was not feasible to run a separate pilot project or examine past sustainability initiatives retrospectively. Consequently, the validation was carried out in a rather subjective manner, which aimed to map out the construction's *potential* to facilitate more systematic management of the Firm's sustainability efforts.

Unlike the primary interviews, the validation phase was conducted as a combination of fixed response and standardized open-ended questions. The structure begins with two similar fixed response questions to evaluate different elements of the construction. The fixed response questions aimed to inquire the construction's fit with the Firm's existing strategy with three options indicating full success, partial success, or failure. Lastly, an open-ended question was included to acquire elaboration on the above. This design was intended to reach two objectives: acquiring precise and comparable data on the construction's successfulness together with more intricate data on related reasoning. (Patton 1990, 288–289.) To compensate for the inherent subjectivity of the above design, the validation interview was conducted with three executives to improve credibility. Like before, the interview language was adapted to the interviewees' preferences. Appendix 2 contains the English version of the validation interview structure.

4.3 Data analysis

Although this is an intensive constructive study in the sense that the primary objective is to resolve the Firm's specific problem, this research also has faint extensive features due to its unit of analysis (cf. Yin 2003). Since the problem at hand – managing societal value creation – is somewhat vague by nature, a major role is played by the different ways in which this issue is perceived and acted upon by various parties. As DiMaggio (1997), Jarzabkowski (2005), and Thornton and Ocasio (2008) argued, individuals base their actions on their own interpretations of officially communicated strategies and agendas. This suggests that there would be no single cultural reality or a harmonious “logic of action” within an organization. Instead, actors would carry out their mundane responsibilities under their personal perceptions of the current strategy or guidelines. This tenet is the backbone of *strategy-as-practice* which claims that employees derive their working principles from a multitude of sources, and that organizational strategies should primarily be regarded as malleable constructs (Kim et al. 2020, 381).

Consequently, the unit of analysis in this thesis is a *perception* of the Firm's sustainability strategy and societal value creation activities. In other words, data from primary interviews is scrutinized to extract and verbalize the three participants' interpretations, which are collated into individual cases. These distinct perceptions are then analysed using both single and multiple case study methods, making this thesis an “intensive case study with a multi-perspective design” (Eriksson & Kovalainen 2016, 143). That is, in order to create a functional solution to the Firm's problem, multiple perceptions of its sustainability policy are examined both together and separately. First, the cases are compared to each other in cross-case analysis to find out high-level commonalities by simplifying the data through coding. Next, the cases are analysed individually in within-case analysis to tap into the richness of gathered data. Finally, the interviews are reflected against the Firm's officially communicated views on the matter. To emphasize the human factor in strategy implementation, the body of official documents is not treated as a separate case but, instead, the official perspective is used as a reference point for interview results. As for an overarching structure for data analysis, the flow model of Miles and Huberman (1994, 10) was adopted. The model is illustrated in Figure 8.

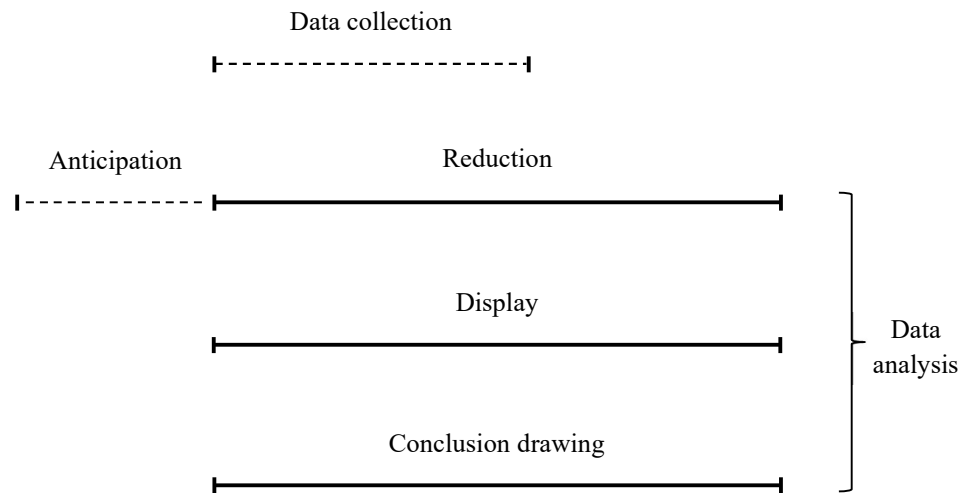


Figure 8 Flow model of data analysis (Miles & Huberman 1994, 10)

Miles and Huberman (1994) make an apt remark concerning the chronology of data collection and analysis. They point out that although these processes consist of distinct phases, their timing is rather overlapping instead of clearly sequential. This means that data analysis will have a somewhat iterative nature as the progress made during data collection or analysis can affect other phases, which may take the research into new emergent directions. The above flow model is applied for both cross- and within-case analyses.

First, right after data collection follows the *reduction* phase which aims to simplify and transform raw data into a form which enables further processing. Reduction typically includes coding and making memos of the transcribed empirical material. More closely, a codebook was compiled based on the main findings from the literature review and it can be found in Appendix 3. The reduction phase may begin before data analysis has been “intended” to take place as researchers might form anticipatory categorizations and conclusions during or before data collection. (Miles and Huberman 1994.) This phenomenon also occurred in this research and, for example, wording nuances in the codebook and interview structures were partially affected by anticipated interviewee behaviour.

Next, the *display* phase aims to convert the coded material into more illustrative forms. In practice, this means creating tables or graphs in order to spot regularities or paramount issues within the material. Consequently, these illustrations facilitate the later conclusion drawing phase. As discussed in more detail below, cross- and within-case analyses will require different approaches in terms of graphical examples. For instance, whereas comparative analyses can be better addressed with cross-tabulations, an in-depth

approach may necessitate using process charts or other more complex display types. (Miles and Huberman 1994.)

Lastly, the *conclusion drawing* phase aims to make sense of the above two phases. Most relevant insights are pointed out and peculiar findings may trigger new iterations of the entire data analysis process. (Miles and Huberman 1994.) In this thesis, extent of the conclusion drawing phase varied significantly between cross- and within-case analyses. Insights from multiple case comparisons could be presented rather concisely and exhaustively whereas the within-case results necessitated more thorough and subjective deconstruction. Here, the researcher's own interpretations were rather dominant in determining points of interest. After reaching saturation in cross- and within-cases analyses, key take-aways were collected for later use in chapter 5 and constructing the solution.

4.3.1 Cross-case analysis

Firstly, all interviews were taken together in the cross-case analysis phase to gather insights through comparisons. The aim was to find out noteworthy commonalities and differences, which could later be used to improve the Firm's sustainability strategy. Identifying the Firm's current sustainability procedures and latent needs was based the codebook's operationalization scheme, which was converted into an equivalent node system in NVivo 12. Transcriptions of the three interviews were then coded in NVivo according to the codebook. Coded items ranged from single keywords to entire paragraphs which could be associated with one or more nodes. Since a given piece of text could simultaneously be coded in multiple different nodes, the final coding ended up rather complex due to frequent overlapping. All conclusions were based on proportional word frequencies: the importance or weight of a node was determined as its word count divided by the sum of all coded words of a given interview. Thus, the underlying presumption in subsequent analyses was that the longer a given topic is discussed relative to all topics, the more important that specific topic is. This unit of measurement was chosen because all interviews were of unequal length, so a proportional word frequency provides a rather unbiased image of a given topic's significance.

Next, the coding was analysed using two cross-tabulations. Both data displays were structured so that the codebook's node structure constitutes the rows whereas the focal attributes constitute the columns. Each cell contains a percentual figure which represents the proportional word frequency of a given node according to a given attribute. Conclusions were then drawn based on the distribution of these figures.

This method is potentially problematic since it is based on quantifying qualitative data and, accordingly, it is prone to losing some of the richness of gathered empirical data. Alternating between different coding styles, such as marking entire paragraphs or coding key words in a fragmented but more precise manner, can also affect the relative quantities in cross-tabulations. For these reasons, results from cross-case analysis will not be used independently but, instead, they will be combined with the within-case analysis results to produce final conclusions from empirical data. This way the evident loss of richness can be accounted for, and the potential of multi-perspective research design can be realized.

4.3.2 Within-case analysis

In terms of a framework for within-case analysis, Yin's (2003, 127) idea of logic models was used to make sense of the Firm's value-creating activities. According to him, this method suits well for assessing "... *complex chain[s] of events over time*". Also, since logic models have been identified fit for examining cause-and-effect relationships in the context of corporate sustainability, this approach is ideal for studying societal value creation (Haski-Leventhal 2018, 235). The primary interviews were examined separately to illustrate the current value creation process and convert the Firm's tacit reality into words and graphs. These illustrations were then reflected against the conclusions from the literature review as well as emerged needs from empirical data to pinpoint areas of improvement. An initial structure for a logic model of societal value creation was adopted from McLaughlin and Jordan (1999). This is illustrated below in Figure 9.

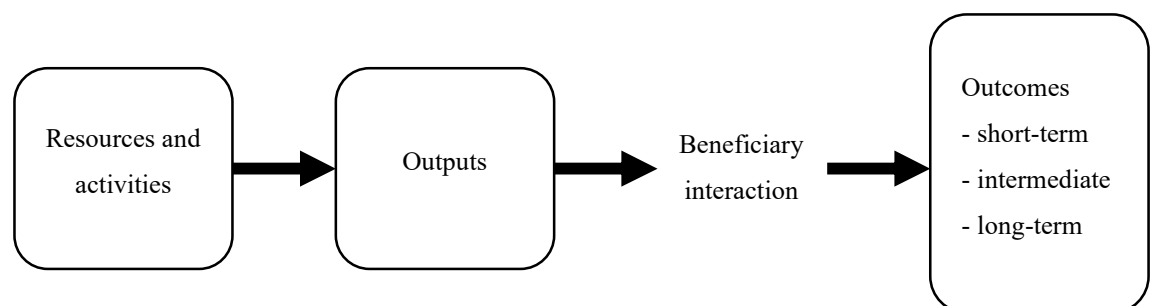


Figure 9 Logic model (adapted from McLaughlin & Jordan 1999, 67)

Logic models are used to communicate “convincing stories” about the performance of planned programs. These models consist of the following phases and elements. *Resources and activities* refer to inputs, such as human resources or technology, which are then acted upon through various processes. As a result, *outputs* are produced which range from concrete products to intangible services depending on the business model in question. These outputs are then subjected to *beneficiary interaction*, for example, by delivering a product to a customer to be consumed. Here, the essence is that outputs can be converted into outcomes only through human interaction. Lastly, this interaction gives rise to *outcomes* which are “changes or benefits” from the entire program, such as a more vigorous natural environment. The outcomes can be further specified according to their occurrence into *short-term*, *intermediate*, and *long-term* outcomes. (McLaughlin & Jordan 1999.) In order to facilitate later analysis, the empirical data was fitted into the above logic model as seen appropriate. However, the standard structure was modified when needed to accommodate to emerging or unanticipated results.

4.4 Research evaluation

Assessing the quality and trustworthiness of a research is essential to building trust in its contributions. Although using the most common evaluation criteria – reliability, validity, and generalizability – would seem desirable in terms of comparability, these criteria may not fit with the multitude of different qualitative research designs. Accordingly, given that constructive studies cannot be considered “conventional”, this thesis will be evaluated with an extended set of criteria to provide meaningful conclusions about the standard of this research. (Eriksson & Kovalainen 2016; Oyegoke 2011, 573.) To measure the goodness of a research, Lincoln and Guba (1985, 290) suggest “trustworthiness” as an alternative standard of evaluation for qualitative studies. It consists of four criteria which are elaborated on below.

Dependability describes research which has been structured logically and documented appropriately for later scrutiny (Eriksson & Kovalainen 2016, 308). This quality can also be portrayed as internal consistency in terms of clear research questions, suitable research design, and coherent data processing methods (Miles & Huberman 1994, 278). Producing a logical and internally consistent thesis was a paramount factor right from the beginning. To materialize this ambition, key elements and high-level demarcations were first ensured to fit with each other before developing more concrete approaches. For example, the Firm’s needs constrained the choice of research design which determined the

choice of a theoretical framework which delineated data analysis methods, and so on. Furthermore, the research process and related decisions are thoroughly described in order to provide transparency to the reader.

Transferability deals with resemblance to former studies in terms of generalization or consistency with prior theory. Such qualities enable other researchers to compare their results with the study in question and facilitate future research, such as more comprehensive testing of recent findings. (Miles & Huberman 1994, 279.) As for similarities with prior research, the literature review contains multiple examples of studies with research objectives and theoretical perspectives comparable with this thesis. When it comes to generalization, Firestone (1993, 17) describes that there exist three generic types of this: sample-to-population, analytic, and case-to-case. This thesis is best equipped to reach the second type of generalization since this is an intensive qualitative study with a prominent focus on gaining a sound theoretical base. The analytical reasoning behind final conclusions is perhaps the most likely vehicle for generalization as it can be applied and tested in other contexts. The final theoretical contribution was decided to be partially based on gathered empirical data to ensure that this refinement would also bear a verified connection to practice. As the constructive research design aims to go beyond superficial explanations by producing tailored and contextual solutions to concrete problems, its evident flip side is reduced generalizability to other entities. Although generalization is not considered to be feasible in intensive studies, the resulting construct for managing societal value creation *may* be generalizable to other firms in similar contexts, but this is not presupposed. (Oyegoke 2011.)

Credibility is achieved through a deep understanding of the research topic together with sufficient data and logical links to reach conclusions (Eriksson & Kovalainen 2016, 308). Credibility can also be assessed on grounds of plausibility, that is, whether the conclusions make sense to the reader (Miles & Huberman 1994, 279). To ensure such internal validity, the path to develop a novel construct for the Firm was based on a thorough and purposeful literature review, grounding the assignment firmly in theory. Gathering of empirical data was designed to provide sufficient amount of rich and insightful information and, accordingly, adequate saturation was achieved in both waves of interviews. Lastly, final conclusions were reached by carefully combining theory-based “best practices” of societal value creation with empirical insights in order to produce a functional solution.

Conformability, or objectivity as Miles and Huberman (1994, 278) put it, means being free from human biases. Eriksson and Kovalainen (2016, 308) illustrate this as an act

of demonstrating that the presented conclusions are not merely a product of imagination. This aspect turned out to be one of the biggest challenges in this research, especially in terms of empirical analysis. Throughout this thesis, conformability was taken into account by including clear descriptions of each phase of the research, giving justifications for chosen methods, and being reflexive about the effects of these decisions. During the collection of empirical data, human biases were accounted for by conducting all interviews with as high a degree of standardization as possible. Also, all findings were linked to both theoretical and empirical material to conduct a form of internal validation. For example, the initial theoretical contribution was adjusted according to Firm data and the managerial contribution was compared with key insights from the literature review.

The constructive research design is typically criticized for being excessively interventionist, unscientific due to its pragmatic orientation, or being too close to consulting (Lukka 2001). To reach legitimate results, constructive research is claimed to require particular attention to validity and reliability. Thus, different means of triangulation are important for such studies. (Oyegoke 2011, 577). Patton (1990, 464–470) distinguishes four types of triangulation which can be used to reduce disadvantageous biases throughout a research process. Three of these types are actively used in this thesis. Firstly, *theory triangulation* means studying an issue through multiple theoretical lenses (Patton 1990, 470). The most prominent form of theory triangulation applied here was to evaluate the current state of CSV and the Firm's sustainability strategy by utilizing strategic management, value creation, and corporate sustainability literatures. Patton argues that this form of triangulation is particularly fruitful in settings where diverging stakeholder views must be taken into account, such as those of different corporate functions. Accordingly, including these supporting theoretical perspectives increases the researcher's capabilities to solve potential conflicts in developing an optimal approach for societal value creation.

Secondly, *methods triangulation* means drawing conclusions from both qualitative and quantitative data analysis approaches. Although the empirical material of this study was exclusively qualitative, the combination of cross- and within-case analyses is a step toward compensating for the inherent shortcomings of qualitative methodology (cf. Oyegoke 2011, 577). The utility of methods triangulation manifests in more sound results achieved through comparative analyses (Patton 1990, 466). However, since this was not a genuine mixed-methods study, the extent of achieved methods triangulation was not profound. For example, no inherently quantitative data was gathered or used.

Thirdly, *source triangulation* refers to comparing the nature of information from different stakeholder groups or time periods (Patton 1990, 467). In terms of literature, the development of corporate sustainability discussion was studied throughout multiple decades, and CSV was refined by drawing on ideas from both its proponents and critics. When it comes to empirical data, source triangulation was pursued by comparing the Firm's official sustainability agenda to employees' perceptions of creating societal value in practice. Also, the interviewees were deliberately selected from different corporate functions and organizational levels to promote source triangulation.

4.5 Ethical considerations

To ensure carrying out this thesis according to responsible conduct of research, guidelines of the Finnish National Board on Research Integrity TENK were followed (TENK 2012). Furthermore, there were additional ethical issues to be considered, since this thesis was conducted as an assignment. The Firm insisted to be kept anonymous and, consequently, no individualizing or identifying data were brought up during the research. The Firm's business model or operations were not elaborated and, in fact, including such information was not necessary for achieving the research objectives. However, since an assignment inherently entails exposing confidential information to an external researcher, a separate non-disclosure agreement was concluded with the Firm.

This thesis follows the stipulations of the General Data Protection Regulation (GDPR) of the EU and the Finnish Data Protection Act (1050/2018). A privacy notice was prepared according to the GDPR and was sent to all interviewees together with an inquiry for consent. All participants were informed about their rights and the purpose of this research. Collecting, processing, and disposing of data were planned according to the above regulations. No name lists were compiled during the research owing to the design of data analysis which did not require to identify interviewees from empirical material. Furthermore, to eliminate the chance of interviewees' opinions being recognizable within the Firm once this thesis is published, no such expressions were used which could link any findings with an employee.

All empirical data was stored in a cloud storage service provided by the university, and all such data were protected with an additional password. Transcribed interviews were anonymized in terms of content and file names, and interview recordings were disposed of immediately after transcription. Disposing of remaining empirical material was agreed upon with the Firm and will be implemented once this thesis is finalized.

5 EMPIRICAL RESULTS

Results of the primary interviews are elaborated in this chapter. Although only three people were interviewed in this phase, the results provide a promising cross-section of the Firm, since these interviewees work at different functions and organizational levels. While no blue-collar employees were included in this study, the following results reflect the opinions of people who formulate organization-wide strategies and conduct them in their daily work.

5.1 Cross-case results

In order to get an overview of the three interviews, results of cross-case analysis will be presented first. Two cross-tabulations were used to examine the data from different perspectives. Firstly, Table 6 visualizes which topic nodes A–D were discussed with each interviewee classified as Cases X, Y, and Z. Different topics are represented according to the codebook's node structure and they form the rows. Columns represent each interviewee. Accordingly, the percentages of each cell demonstrate how elaborately an interviewee talked about a given topic relative to all topics expressed by that person. In other words, the percentage is intended to approximate the significance that an interviewee places on a given topic. To facilitate comparisons, columns X–Z were colour scaled so that the lowest percentage appears white whereas the highest percentage appears dark green. The colour scaling was conducted separately within each column to emphasize the hierarchy of topics as they emerged in each interview. For this reason, the percentage resulting in the darkest shade is different in each column. Lastly, to show the average weight of topics throughout all interviews, a fourth column was added, and it was colour scaled in grey.

Table 6 Importance of each topic per interviewee and on average

	X	Y	Z	Average
A) Strategic management				
A1) Strategy	4 %	4 %	9 %	6 %
A2) Industrial organization economics	3 %	5 %	6 %	5 %
A3) RBV	1 %	1 %	0 %	1 %
A4) Stakeholder theory	3 %	10 %	3 %	5 %
A5) Institutional theory	3 %	1 %	0 %	1 %
A6) Strategic management systems	4 %	2 %	0 %	2 %
A7) Strategy-as-practice	2 %	14 %	19 %	11 %
B) Value and value creation				
B1) Value-in-exchange	2 %	1 %	0 %	1 %
B2) Value-in-context	2 %	0 %	0 %	1 %
B3) Firm as value creator	5 %	2 %	0 %	2 %
B4) Firm as value facilitator	0 %	0 %	0 %	0 %
B5) Value creation as linear	1 %	0 %	0 %	0 %
B6) Value creation as non-linear	0 %	0 %	0 %	0 %
C) Corporate sustainability				
C1) Extended RBV	0 %	0 %	0 %	0 %
C2) TBL	1 %	0 %	0 %	0 %
C2.1) Financial	10 %	4 %	0 %	5 %
C2.2) Social	6 %	5 %	6 %	6 %
C2.3) Environmental	9 %	2 %	9 %	7 %
C3) Externalities	9 %	2 %	0 %	4 %
C4) CSR	4 %	1 %	3 %	3 %
C5) Distributive justice	0 %	0 %	0 %	0 %
C6) Zero-sum dilemma	1 %	0 %	3 %	1 %
C7) Symbiotic relationship	1 %	3 %	3 %	2 %
C8) Sustainability reporting	2 %	7 %	3 %	4 %
D) CSV				
D1) Adapt offering	1 %	0 %	0 %	0 %
D2) Transform supply chains	1 %	0 %	0 %	0 %
D3) Develop local clusters	2 %	4 %	0 %	2 %
D4) Sustainability as a strategic element	6 %	4 %	9 %	6 %
D5) Analytical rigour	9 %	9 %	6 %	8 %
D6) Bigger pie	2 %	2 %	0 %	1 %
D7) Holistic solutions	3 %	12 %	19 %	11 %
D8) Communicative approach	5 %	4 %	0 %	3 %
	100 %	100 %	100 %	100 %

Although the interview structure was the same for each participant, all discussions unfolded rather uniquely according to their personal experiences and knowledge. For example, interviewee X placed the most emphasis on assessing the Firm's externalities with precise metrics and highlighted that current sustainability efforts already take all TBL dimensions into account. Interviewee Z was the most concerned about conducting corporate sustainability holistically and personnel's ability to adopt formal strategies as they were intended to. Interviewee Y was on common ground in terms of the former two topics, but the participant also emphasized the necessity of systematic stakeholder management and communication.

By assessing the column "Average", overarching trends can be pointed out. Strategy-as-practice was one of the most common topics, and participants contemplated whether the Firm has succeeded in transmitting its sustainability policy to grassroots level and daily operations. Top-down and reciprocal communication methods were often associated with this topic. The importance of a holistic sustainability policy also stands out. Although there was no consensus about the impacts of the Firm's sustainability policy, all participants perceived that such outcomes must be verified with systematic and robust metrics. Furthermore, all interviewees agreed that sustainability and societal value creation have a distinguished strategic role in the Firm. Corporate sustainability was often justified with gaining competitive advantage or other commercial benefits. Moral-based sustainability received less attention, and philanthropy-based value creation was non-existent as a topic. However, concrete methods to create societal value with business benefits, or topics D1–D3, were rather scarce.

Perhaps the most striking commonality between all interviews was the absence of topics related to value creation. The Firm's ability to create societal value came across as a self-evident fact and the topic was addressed only in a few sentences. When value creation was discussed, a lion's share of related topics dealt with goods-dominant logic; societal value was considered as a calculable variable and the Firm was regarded as the main value-creating party. While these perspectives are not false per se, the minor share of value creation topics in the column "Average" indicates that there may not be adequate awareness of the complexities related to value creation. Indeed, what Table 6 demonstrates well, is the level of awareness of different topics within the Firm. This information can be particularly fruitful when it comes to determining the Firm's blind spots or those issues which are generally not acknowledged (cf. Snowden & Boone 2007).

In the next cross-tabulation, the interviews were analysed according to expressed sentiments. The aim was to find out which aspects in the Firm's sustainability policy are satisfactory, dissatisfactory, or which aspects are longed for. Whereas Table 6 visualized the hierarchy of different topics, Table 7 illustrates *how* these topics were addressed. In the columns, individual cases have been replaced with different sentiments: positive, negative, and aspiration. Neutral statements without any clear opinion were not included in this phase. The sentiments were coded in a similar fashion as the topic nodes but the word frequencies of these two coding categories were kept separate. In other words, per each interviewee, nodes A–D formed a single pool of coding frequencies and node E formed a separate pool. This separation enabled cross tabulating each topic according to the coinciding sentiment for each interviewee.

To reduce visual complexity, interviewees X–Z are no longer differentiated but, instead, only averaged percentages are displayed in Table 7. These figures were calculated in three phases. Firstly, topic coding (i.e. nodes A–D) of each participant was cross tabulated against their sentiment coding (i.e. node E). As a result, three interviewee-specific tables were formed with the same general structure as Table 7. Secondly, the absolute word frequencies of each cell were converted into proportional frequencies by dividing them by the total word count of the respective table. Thirdly, these intermediate tables were converted into a single table by averaging each cell of the three participants. Ultimately, Table 7 presents proportionally how long a given topic was discussed with a certain sentiment when all interviews are averaged. Green colour scaling is used again but here a single scale is applied throughout the cross-tabulation since the participants are no longer differentiated.

Table 7 Average spread of all interviewees' sentiments according to each topic

	Positive	Negative	Aspiration
A) Strategic management			
A1) Strategy	1 %	3 %	4 %
A2) Industrial organization economics	1 %	2 %	2 %
A3) RBV	0 %	0 %	0 %
A4) Stakeholder theory	1 %	0 %	4 %
A5) Institutional theory	0 %	1 %	0 %
A6) Strategic management systems	0 %	0 %	1 %
A7) Strategy-as-practice	0 %	6 %	6 %
B) Value and value creation			
B1) Value-in-exchange	0 %	0 %	2 %
B2) Value-in-context	0 %	0 %	1 %
B3) Firm as value creator	0 %	0 %	2 %
B4) Firm as value facilitator	0 %	0 %	0 %
B5) Value creation as linear	0 %	0 %	0 %
B6) Value creation as non-linear	0 %	0 %	0 %
C) Corporate sustainability			
C1) Extended RBV	0 %	0 %	0 %
C2) TBL	0 %	0 %	0 %
<i>C2.1) Financial</i>	0 %	2 %	2 %
<i>C2.2) Social</i>	0 %	2 %	2 %
<i>C2.3) Environmental</i>	0 %	3 %	3 %
C3) Externalities	0 %	1 %	1 %
C4) CSR	0 %	0 %	2 %
C5) Distributive justice	0 %	0 %	0 %
C6) Zero-sum dilemma	0 %	2 %	0 %
C7) Symbiotic relationship	0 %	0 %	2 %
C8) Sustainability reporting	0 %	1 %	2 %
D) CSV			
D1) Adapt offering	0 %	0 %	0 %
D2) Transform supply chains	0 %	0 %	0 %
D3) Develop local clusters	0 %	0 %	2 %
D4) Sustainability as a strategic element	2 %	0 %	1 %
D5) Analytical rigour	0 %	3 %	6 %
D6) Bigger pie	0 %	0 %	1 %
D7) Holistic solutions	1 %	5 %	8 %
D8) Communicative approach	1 %	1 %	2 %
	11 %	31 %	58 %
		100 %	

On average, all participants tended to omit stating positive things about the current sustainability strategy in favour of pointing out more dissatisfactory elements and presenting future ambitions. As for positive matters, the participants were content with the strategic role of sustainability and its utility in terms of achieving competitive advantage. It is worthwhile to point out that the low proportion of positive topics does not indicate that the Firm would have underperformed in societal value creation so far. The low score may have resulted from the general forward-looking atmosphere in all interviews which might have then diverted the interviewees' attention away from praising current strengths.

Roughly a third of all explicit sentiments were negative. In these cases, the participants either identified the Firm's weaknesses or expressed matters which they did not find appropriate for an ideal sustainability strategy. Difficulties in implementing formal strategies and making them comprehensible throughout the organization were mentioned rather often. Interviewees indicated the risk of losing utility of past strategy work and sustainability efforts if personnel are not aware of their tasks and responsibilities. Also, the current sustainability policy was criticized for being too narrow and not encompassing all TBL aspects in appropriate depth. Moreover, a lack of analytical tools and sustainability indicators came across as a notable disadvantage. Since these elements were associated with performance measurement and subsequent decision-making processes, insufficient analytical sophistication may currently prevent the sustainability policy from becoming more systematic.

On average, aspirations concerning an optimal sustainability strategy were expressed the most often. As above, the scope of the Firm's societal value creation was a popular topic, and a better inclusion of social aspects was suggested as a means toward more holistic sustainability. To achieve this, the Firm was expected to embark on more ambitious and complex initiatives instead of settling for superficial targets. Appropriate units of measurement and analytical methods were also longed for because they were regarded vital for well-founded and systematic decision-making. These units and methods were expected to be customized for the Firm's needs but they should also permit comparisons with competing organizations. Accordingly, there was notable demand for proceeding to data-based management of sustainability. Lastly, the manner of implementing future sustainability strategies emerged as a significant target for development. Optimal engagement of personnel was believed to result from improved communication and internal stakeholder management. Also, all interviewees expressed great will to bring corporate sustainability everywhere in the organization and render it relevant for entire personnel.

5.2 Within-case results

As an inherent downside of quantified analysis, crude numbers did not always do justice to the relevance of certain topics. Occasionally, some issues were expressed with great urgency, but they were drowned out by the sheer duration of other topics. For this reason, it is insightful to examine each interview more profoundly using a qualitative, verbal approach. Firstly, the content of each interview, or case, is summarized and noteworthy topics are elaborated on as they emerged. Accordingly, the codebook's node structure is not actively used in this section. Secondly, underlying thought patterns or logic models were extracted and compiled in order to illustrate how societal value creation is likely to be perceived by each person. This information plays a crucial role later when the Firm's official and perceived realities are compared with each other.

5.2.1 Case X

Participant X indicated that corporate sustainability is an established strategic element within the Firm. Although sustainability has had a somewhat adverse effect on cost levels and personal workloads, the topic was primarily regarded as an enabler for thriving business. Identified drivers for corporate sustainability were the changing industrial conditions and related commercial incentives. Current sustainability ambitions were partially justified by the Firm's internal values but the most prominent argument for such commitment was the perceived positive effects on business: improved sales prospects and a beneficial reputation. To validate these effects, participant X highlighted that the Firm is aspiring to include more sophisticated analytical methods in strategic decision-making: "... *we must adopt data-based management within the next five years*". Accordingly, new performance measurement systems are required for managing corporate sustainability. At the moment, no appropriate indicators or methods exist. An interesting point was that even if optimal tools were to be developed, their utility might initially be rather low since there is no existing data for conducting longitudinal comparisons. Nevertheless, two key aspects came across as unanswered: how much societal value has already been created and how has this impacted the Firm financially.

The interviewee identified that the current sustainability policy has not been put into practice as desired: "*Our weakness is that we have not reached everyone with our message*". Consequently, sustainability tasks or the Firm's aspirations do not have sufficient organization-wide recognition; blue-collar workers may not understand what

sustainability means and related data is hardly used in high-level strategic decision-making. Making corporate sustainability into a mundane element was defined as the main challenge. This was hoped to be resolved by improving internal communication and ensuring that sustainability is made relevant at every organizational level. In the same vein, improved external reporting was also called for to reap the most reputational benefits from sustainability efforts. As for strategic decision-making, novel TBL indicators were demanded so that sustainability ambitions could be integrated into existing processes and frameworks.

The interviewee identified that the Firm has value-creating effects on all TBL dimensions, albeit the environmental side seemed to be of highest maturity. Current endeavours were already quite diverse including the adoption of more sustainable product technology, reducing supply chain CO₂ emissions, and training recruits for profession. Remarkably, these actions already cover all three avenues to CSV (Porter & Kramer 2011, 7). However, the interviewee did not express clearly *how* the process of societal value creation is comprehended internally. Topics related to value creation were discussed dispersedly but they could be later combined into a coherent picture that may represent the Firm's latent reality. The significance of collaborating with external stakeholders, such as municipalities and local suppliers, was acknowledged, but value creation itself was apparently seen to be driven by the Firm alone through its operations. Envisioned analysis methods were expected to derive the amount of created value using internally available data, which further highlighted the prevalence of an underlying goods-dominant logic. That is, societal value is regarded as a quantifiable variable which is seen to result mainly from the Firm's value chain activities; external parties only have a minor role in affecting what value is or how it is created.

The participant did not express implicitly that there would exist a distinct process for societal value creation. Nevertheless, an underlying or latent logic model of the current sustainability policy can be constructed based on the participant's perceptions. The logic model is presented in Figure 10.

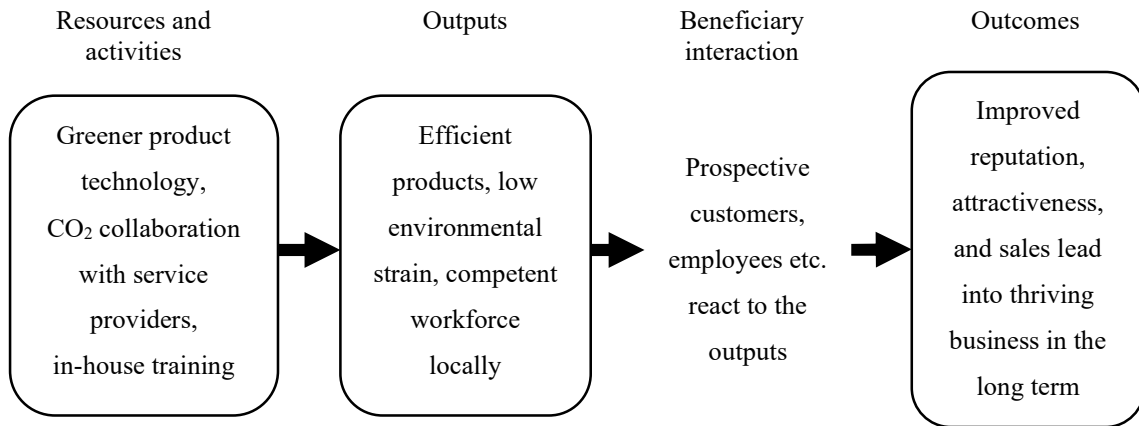


Figure 10 Logic model of Case X

There is an evident firm-centric perspective in Figure 10 but, interestingly, it also includes an element of a more complex service-based conception of value. Initially, value chain activities were seen to give rise to intermediate outputs, such as in the case of collaborating with service providers in order to reduce environmental strain. Although the ultimate outcomes, such as sustained commercial performance, were solely regarded from the Firm's point of view, it was acknowledged that the Firm's initial efforts would not be sufficient to lead into these final outcomes by themselves. Instead, key interest groups, like prospective customers and job applicants, must first assess the Firm's actions and their *feedback* is the last contribution to value creation: "... *future talents decide themselves where they want to work, and they evaluate how sustainable we are*". So, while societal value creation was mostly discussed from a corporate perspective and with a simplistic conception of value, there exists a tentative idea that such value may require co-creation.

5.2.2 Case Y

Participant Y recognized that corporate sustainability is primarily justified by sustaining the Firm's competitiveness and ensuring future survival. Sustainability was implied to have a vital role in answering to challenges related to industrial and institutional change in the long term. As for sustainability strategy, the participant perceived its holistness to be the Firm's biggest strength. The current objective is to extend sustainability to all parts of the organization as well as cover all TBL dimensions and key stakeholders. However, despite having a holistic view on the matter, societal value creation is currently not

managed as an entity and no unifying value creation process exists. Instead, related aspects, like environmental or stakeholder management, are handled rather fragmentedly.

The Firm was regarded to be ahead of its competitors in terms of sustainability but, still, further attention was demanded to the level of ambition. The Firm was expected to continue not taking easy options as demonstrated by its recent investments in local eco-friendly energy sources. However, such ambition was seen to produce additional problems in determining optimal courses of action. What kind of trade-offs are justifiable in pursuit of creating societal value? Would it be right to cut down on operations related to unsustainable technology if it would simultaneously result into a drop in employment? *“We will surely face these kinds of value judgements in the future”*, participant Y stated.

Accordingly, the absence of proper analytical tools and established concepts was perceived as a notable disadvantage – societal value creation would not be manageable without these two factors. Some tentative sustainability measures are currently included in a high-level BSC tool, but no notable sentiment was attributed to them. Coming up with improved measures for this forum was highlighted, since this BSC tool currently has a central role in converting strategic objectives into actionable tasks. Also, future indicators were aspired to be monetary and tailored to the Firm’s conditions. This means that sustainability performance would primarily be validated by financial impacts: *“... it is the monetary impact that matters in decision-making”*. Additionally, participant Y requested a new indicator to measure the adoption rate of sustainability tenets by the personnel. This indicator would be useful when determining the successfulness of future implementation efforts.

Similar to Case X, implementation of the sustainability policy was seen as the biggest weakness here as well. Although the policy has been informed internally, at the moment, participant Y has not detected a common understanding of sustainability tenets within the Firm: *“... at the moment everyone defines these concepts differently”*. This weakness was mainly attributed to insufficient internal communication and partially to not acknowledging the different cognitive starting levels among personnel. Generally, higher maturity or awareness was detected at higher organizational levels but even there the sustainability strategy was not perceived to be properly applied. This was seen to result from not including sustainability in top-management remuneration. In addition to possible new rewarding systems, enhanced internal communication and training were suggested as remedies for unfavourable attitudes and lacking awareness.

Participant Y stated that there is currently no distinct process for the Firm's value-creating activities. However, a tacit logic can be inferred from the manner in which societal value creation was discussed, and this is presented below in Figure 11. Due to the organic development of discussed topics, the logic model of Case Y ended up having a somewhat different structure than originally anticipated.

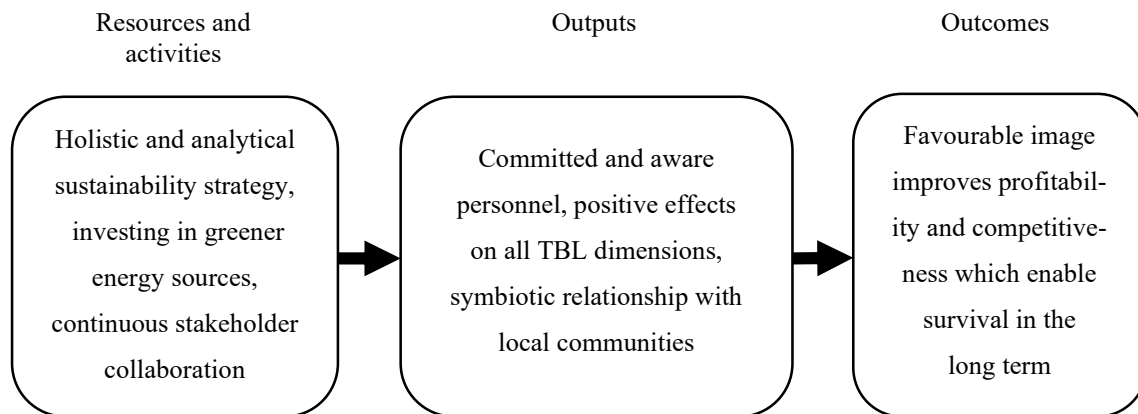


Figure 11 Logic model of Case Y

Here, the logic model consists of only three elements as no intermediate stage was implied to exist between the immediate outputs and long-term outcomes. The discussion had a somewhat firm-centric perspective. The impacts of an aspired sustainability policy were mostly anticipated from the Firm's point of view, but the role of societal stakeholders was also elaborated. For example, collaborating with the local municipality was seen to spawn a mutually beneficial relationship between the two parties which ultimately contributes to a favourable corporate image and sustained competitiveness. However, despite not stating explicitly who is primarily responsible for *creating* societal value, it was acknowledged that the cooperativeness of key stakeholder groups affects the successfulness of seemingly Firm-driven sustainability efforts: "... *we need one another, and we currently have a rather symbiotic relationship*".

5.2.3 Case Z

Whereas the above two participants were high-ranking managers, participant Z was situated closer to operational activities and provided a rather different take on the Firm's sustainability policy. The participant did not perceive a sustainability strategy to exist and claimed that such matters have previously been managed unsystematically or *ad hoc*.

Dissatisfaction was expressed with the infant stage of current sustainability efforts, and various competitors were perceived to be ahead of the Firm. On the other hand, the interviewee praised the Firm for recognizing sustainability as a source of competitive advantage and expected the policy to serve the Firm's strategic objectives. Maintaining a positive image and building a distinctive brand were identified as major drivers for this, since prospective customers and job applicants were seen to evaluate the Firm's behaviour.

Somewhat related to such external pressure, the scope of the sustainability strategy was deemed too narrow. The interviewee found that market influences may push the Firm to focus excessively on the environmental side and CO₂ targets, more precisely. These initiatives were regarded as "*low-hanging fruit*" or excessively simple objectives requiring fairly little organizational effort. By mostly tapping into technology-based initiatives, the Firm was claimed to miss out on other possibilities to create societal value. Instead, the participant called for a more holistic approach – the social side should also be developed although it would imply more complex decisions.

Implementation of strategies came across as the most urgent downside, and sustainability was not regarded to be visible on grassroots level: "*Strategies may be easy to create but integrating those into daily operations is a problem of another magnitude*". Since sustainability indicators are not included in the evaluation of daily performance, employees cannot know what the Firm is aiming for. Also, different sustainability aspects are currently labelled and managed in a fragmented manner and collective responsibility is not communicated throughout the organization: "... *sustainability should not only be up to a single department*". To correct this, the sustainability policy should be converted into comprehensible tasks which would render the matter relevant for employees. Accordingly, changing people's mindsets was expressed as the paramount objective.

Interviewee Z used the least time to discuss the perceived logic behind the Firm's societal value creation. For this reason, Figure 12 ended up rather crude, but it still illustrates the overall reasoning of the discussion rather accurately.

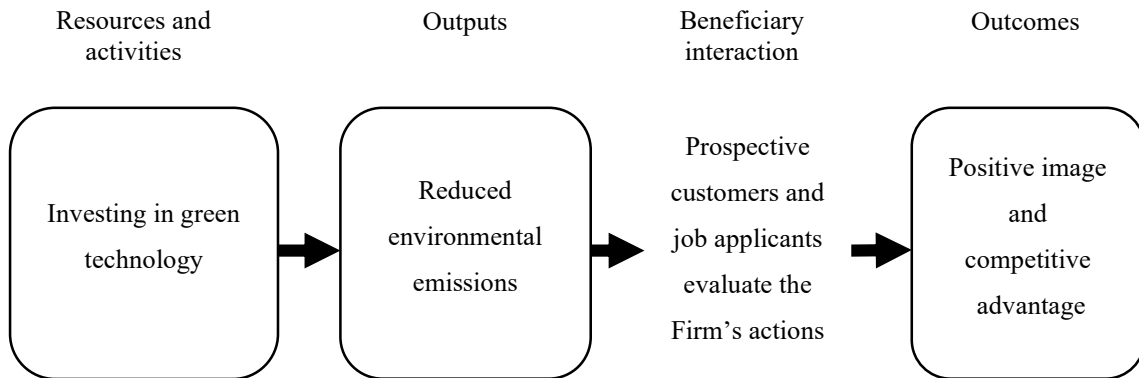


Figure 12 Logic model of Case Z

The Firm-centric content of Z's logic model resonates quite well with the former two participants. Again, value-creating activities were seen to be primarily driven by the Firm and final outcomes were also assessed from a corporate perspective. On the other hand, external stakeholders were still seen to have an effect on these final outcomes. Since prospective customers and employees were claimed to evaluate the Firm's sustainability efforts, these parties were recognized to influence the Firm's reputation and, ultimately, its competitive position. In other words, the utility of the Firm's societal value creation initiatives was not taken for granted nor were external stakeholders regarded passive in the value creation process.

5.3 Reflecting the cases against official documents

Next, the interviewees' perceptions will be compared with the Firm's official sustainability documents. To retain confidentiality, these documents will not be referred to in detail. As for similarities, the relationship between business and sustainability was perceived coherently. All participants and official documents conveyed the same idea of corporate sustainability being a prerequisite for successful business. Improved image and competitiveness were seen to lead into enhanced resilience against industrial uncertainty and survival in the long term. Holisticness was also a common aspiration for the Firm's sustainability policy and encompassing all TBL dimensions was preferred to having a limited scope in sustainability. Still, rather conversely, all empirical sources indicated that environmental sustainability is currently the most prominent and the official documents indicated that this trend would only intensify in near future.

The Firm's official position on the logic of societal value creation is significantly less corporate-centric than mentioned in all interviews. Whereas the interviewees tended to emphasize corporate outcomes over the societal ones, official documents placed notable focus also on assessing long-term environmental and social outcomes. Accordingly, the fate of societal stakeholders may not currently have such relevance in mundane business as formally expressed. In terms of other differences, official documents did not place such urgency on the implementation of the sustainability policy as expressed by all interviewees. Likewise, insufficient analytical sophistication was hardly recognized in official documents. On the other hand, certain aspects which received critique from interviewees were then again officially praised, such as the state of communication or social sustainability. While the above may indicate a discrepancy between the formal and perceived realities within the Firm, these differences may also be the result of deliberately reinforcing a positive image via official channels.

Lastly, a few intriguing topics are pointed out. Although all interviewees expressed that the current sustainability strategy is not optimal yet, the official documents conveyed this issue more elaborately. Namely, the current state of having to react to changing external requirements was regarded only as a temporary stage in the sustainability policy. Instead, the long-term target is to reach a more proactive form of corporate sustainability where societal value creation is inherently tied to the Firm's own strategic objectives. Such ambitious development was expected to be costly and, as also pointed out during the interviews, resource allocation between sustainability initiatives and other business needs has been recognized as a potential dilemma. However, perhaps most importantly, only little attention seems to be paid to the underlying logic behind societal value creation or the efficiency of past efforts. Neither the interviewees nor the official documents addressed thoroughly *what* societal value fundamentally is, *how* it could be created, and *which indicators* could be used to validate possible results. In order to make the best use of scarce resources, these issues must be taken into account.

6 CONSTRUCTION

Next, central insights from the literature review and empirical data will be taken together to construct the solution for the Firm. In this way, theory-based “best practices” can be selected and customized according to expressed needs. However, it should be pointed out that providing a complete sustainability policy with exact process descriptions would go beyond the scope of a single thesis. Instead, supplementary strategic guidelines will be suggested to render the current sustainability policy genuinely beneficial both to the Firm and society. Based on these suggestions, a logic model for societal value creation will also be presented to provide a tangible starting point for related decision-making. This approach fits well with the flexible nature of the Firm’s overall strategy work. Interviewees claimed that existing strategies can be augmented at need instead of committing to fixed strategies for predetermined intervals. In other words, the Firm can learn from the following suggestions or adjust them to find an optimal fit between corporate sustainability and prevailing business needs.

6.1 Strategic guidelines

The Firm’s current sustainability strategy will be used as a foundation for the following strategic guidelines. This means that the existing strategy will not be replaced but, instead, it will be supplemented with insights from literature and interviews. At the moment, the sustainability strategy is at a favourable level of sophistication. The sustainability vision is ambitious, and the mission is constructed around satisfying internal and external key stakeholders. The Firm should continue its path toward a proactive sustainability policy because desired competitive advantage or strategic benefits would not be achievable with generic or reactive agendas (Hart & Dowell 2011, 1468; Porter 1985, 20). Proactiveness would also prevent the Firm from undermining its internal efficiency which typically results from merely complying with external requirements (Zucker 1987, 445). By including more forward-looking elements into this construction, the Firm is more likely to retain its good performance amidst expressed high uncertainty (cf. Hart & Dowell 2011).

Additionally, the Firm has adopted a deliberate hierarchy among the TBL dimensions of its strategy. Namely, environmental issues have the highest priority, social sustainability is next in line, and financial aspects come in third. This hierarchy has already been noticed among Firm employees and it has received a varied reception. For example, it was criticized in one interview for leaving other sustainability aspects unanswered and

ignoring more difficult decisions. However, on the other hand, adopting a focused sustainability strategy may be better suited to reach optimal results in societal value creation (Porter & Kramer 2006, 91). For example, Montabon et al. (2016, 19) call the above hierarchy *ecologically dominant logic*, and they praise its ability to yield truly sustainable supply chains. Since this feature is already integrated into the current strategy, it is recommended here to utilize the hierarchy more openly to reap the most utility from it.

6.1.1 Holisticness

In terms of significant topics arising from the interviews, the call for further holisticness will be addressed first to underline the importance of strategic coherence. Judging from all interviews, holistic sustainability can be boiled down to three aspects: encompassing all societal impacts, involving all internal functions, and mapping relevant stakeholders. Based on the resulting logic models from within-case analysis, holisticness seems to be currently inhibited by two aspects. Firstly, societal value creation has an excessively Firm-centric perspective which limits the assessment of responsibilities and outcomes. Secondly, the current focus is mainly on short-term *outputs* of past initiatives; long-term societal effects do not seem to have an appropriate foothold in sustainability decision-making. Thus, it is suggested to take societal *outcomes* more comprehensively into account, that is, assessing Firm prosperity together with societal costs and benefits (Wójcik 2016, 49). It is these final outcomes that constitute societal value – not the immediate outputs of daily operations or sustainability investments (cf. McLaughlin & Jordan 1999, 69).

Using TBL philosophy has been criticized in sustainability literature and its inherent downsides, such as information silos, should be taken into account at an early phase (Maltz et al. 2011, 345). This matter is closely related to internal holisticness because organizational structures have been recognized as vital enablers for comprehensive sustainability policies (e.g. Mühlbacher & Böbel 2019, 320; Pfitzer et al. 2013, 105). It is necessary to have optimal organizational structures in place, but they must also be applied properly to get the most utility out of them. As mentioned in the interviews, sustainability initiatives are rather fragmented between different functions and they are not managed in a centralized manner. Thus, the Firm should ensure that future initiatives are coordinated so that all actions and their combined effects are continuously tracked from an organization-wide perspective although their execution would take place at grassroots level. Taking down information silos in this manner would facilitate a truthful understanding of past

resource usage, achieved results, and future milestones. Also, this can enable finding synergies, as in situations where optimal results can be reached when certain preliminary tasks have been completed first (cf. Hart 1995, 1007).

Lastly, the Firm should take relevant stakeholders holistically into consideration. This is a prerequisite for achieving strategic objectives as well as anticipating the ultimate outcomes of sustainability efforts. Indeed, owing to various interactions within stakeholder networks, the Firm's initial outputs may end up having significantly altered implications as stakeholders react to past events and then influence each other. In order to have at least a somewhat truthful image of this, the Firm should establish a universal list of stakeholders who affect or are affected by the Firm's operations and existence. This way the Firm can have a comprehensive understanding of the multitude of direct and indirect relationships among stakeholders. In addition to such overall view, relevant stakeholders should also be mapped separately for each initiative. A narrower scope permits demarcating such stakeholders in finer detail which may be vital for planning and implementing concrete actions. (Ackermann & Eden 2011, 180, 186–188.) This holistic foundation should then be maintained by actively involving stakeholders throughout all projects and giving all parties an equal chance to express their views and needs (Høvring 2017, 248).

6.1.2 Value creation

Since the nature of value itself was not notably brought up in interviews or official documents, it is crucial to establish a deliberate focus on this matter. Societal value is fundamentally different from commercial value (cf. Akaka et al. 2012, 20). Instead of being solely derived from a commercial offering, societal value also stems from the “side effects” of business: the externalities (Mohammed 2013, 245; Schaltegger et al. 2019, 197). This implies that the Firm must adopt a novel value conception for its sustainability policy. Such value can be defined as anything that improves the survivability and well-being of societal stakeholders (Vargo et al. 2008, 148). However, since survivability and well-being are rather personally perceived phenomena, societal value cannot be predetermined with objective precision. Instead, such value can only be determined by its beneficiaries as they use or interact with given resources in the prevailing context (Akaka et al. 2012, 14). Taken together, societal value should be understood according to the following principles: it stems from all Firm activities, it is determined by the Firm's stakeholders, and it is altered whenever societal circumstances change.

Since societal value creation should primarily be regarded as a complex process which is not confined to mere commercial transactions, a conventional Firm-centric value chain model is rendered inapplicable (cf. Porter 1985). Also, distinctive producer-customer relationships cannot be identified in this context, because societal value is significantly affected by corporate externalities, which are rather omnipresent or at least difficult to delimit to a specific target group (Maltz et al. 2011, 345; Mohammed 2013, 247). For these reasons, the Firm should base its sustainability strategy on a network model where no single party is dominant (Akaka et al. 2012, 25). These networks should be seen as collaborative actor-to-actor forums, where common good is pursued by integrating diverse resources that are not initially in the possession of individual actors (Akaka et al. 2012, 29–30; Vargo et al. 2015, 70). Thus, societal value creation would be based on exchanging services and leveraging relationships to solve identified problems (Mühlbacher & Böbel 2019, 322; Vargo & Lusch 2004, 1–2). A purposeful value-creating network requires a democratic structure which enables all participants to express their needs and objectives as these are essential inputs that guide the network’s activities (Høvring 2017, 248).

When the above network perspective is combined with the contextuality of societal value itself, it becomes apparent that such value cannot be created by individual actors. Instead, societal value creation necessitates the involvement of multiple parties to combine and utilize diverse resources. For this reason, management of societal value creation should be based on the idea of *co-creation*. (Grönroos & Voima 2013, 138.) Because societal value is materialized only when its beneficiaries interact with given resources, a crucial phase in societal value creation is to ensure that these resources end up in appropriate use. In other words, although only beneficiaries can materialize value, this process is likely to require support from the facilitating party: the Firm. (Vargo et al. 2008, 146.) The co-creation perspective also indicates that not all activities are conducted in collaboration – certain value-facilitating activities are likely to take place outside the Firm’s or beneficiaries’ spheres of influence. This infers a particular “division of labour” to exist between the parties of societal value creation as no actor can simultaneously control or execute all tasks. (Grönroos & Voima 2013.)

6.1.3 Analytical rigour

Since all interviewees called for a more systematic approach to manage sustainability, it seems suitable to apply some of CSV’s tenets to this matter. In order to ensure consistency

of future policies, there should be clear definitions for the beneficiaries, means, and outcomes of corporate sustainability (Dembek et al. 2016, 235). These definitions should be developed both for the sustainability strategy on a general level but also in more detail for each initiative. Firstly, the Firm must specify who are intended to benefit from given sustainability efforts. Demarcating the beneficiaries is a prerequisite for all subsequent analyses as well as ensuring that all objectives are pursued in a systematic manner (Ackermann & Eden 2011, 180; Maltz et al. 2011, 344). That is, societal value creation cannot be managed or measured if no-one knows *whose* value should be assessed.

Secondly, there should be an overall understanding of what kind of means are required to fulfil given objectives. Primarily, such methods should be designed in close collaboration with relevant stakeholders, but the Firm must also investigate internally what organizational means are available in the first place. As mentioned above, current organizational structures should be regarded as internal resources which can either promote or inhibit societal value creation (Pfitzer et al. 2013, 105–106). For example, the degree of sustainability ambition creates pressure for prevailing business models if they are not initially designed to facilitate societal value. The more profound societal impacts the Firm wishes to make, the more intently it should assess the suitability of current business case drivers. Since internal business case requirements delimit what kind of initiatives the Firm can undertake, changing how business cases are managed will also change available organizational means. (Schaltegger et al. 2012, 111–112.)

Thirdly, there should be a broad understanding of what kind of outcomes are pursued so that initiatives can be deliberately designed to reach them. Individual cases are likely to require more detailed specification but, generally, such outcomes can be distilled into three categories: Firm prosperity, societal costs, and societal benefits. As a cognitive shortcut, these three elements can be thought to constitute total societal value, and the Firm should aim to maximize this value. For example, societal value is not maximized if the Firm makes a profit by aggravating negative externalities nor if positive externalities are promoted by driving the Firm into bankruptcy. Accordingly, all three elements should be at a satisfactory level in order for value-creating activities to be sustainable in the long term. (Wójcik 2016, 45–49.)

Another urgent request was that the Firm's sustainability efforts should be managed by data as opposed to mere managerial beliefs. Ideally, data-based sustainability management would enhance managers' understanding of related issues and help them to pair up corporate and societal interests. That is, such data should primarily be collected and

processed in order to support internal decision-making, not merely for external reporting. (Searcy 2012, 240, 243.) All in all, data-based management would enable the Firm to make more justified decisions as well as improve related transparency (Porter & Kramer 2006, 84; 2011, 16). In terms of sustainability initiatives, the Firm must first find out what should be done. Since the Firm alone cannot decide what kind of value creation is needed, these insights must be acquired from relevant stakeholders (cf. Grönroos & Voima 2013, 138). Such data can be collected by maintaining a decent level of communication with stakeholders and inquiring their needs and interests (Ackermann & Eden 2011, 188; Høvring 2017, 249). Accordingly, in order to be systematic, societal value creation should address explicitly expressed demands.

Next, the Firm should estimate achieved impacts. This aspect received remarkable attention in all interviews in the form of demanding better sustainability indicators. Unfortunately, subjective societal value is challenging to be operationalized which entails difficulties in systematic decision-making (Sánchez-Fernández & Iniesta-Bonillo 2007, 441). For this reason, a hybrid approach is suggested, which permits certain cognitive shortcuts and simplified metrics in order to facilitate quantifiable analyses (cf. Akaka et al. 2012, 29). Since fully-fledged measures for societal value are still mostly non-existent, the aforementioned hybrid value conception provides a promising direction for sustainability analyses. This approach aims to bring the best of both worlds: truthful understanding and ease of use. On a continuum from truthful but complex indicators to simple but incomplete ones, the Firm should gravitate toward the middle ground: to use indicators that depict societal value sufficiently and are still applicable to analytical decision-making (cf. Lee 2019, 28). These requirements entail that some application of a utility-based measure should be used as an approximation of real societal value (Sánchez-Fernández & Iniesta-Bonillo 2007, 442). Nevertheless, monetary indicators should also be employed wherever feasible because they are particularly suitable for measuring corporate prosperity. Using these two types of measures, the Firm should estimate the lifetime impacts of sustainability initiatives. (Maltz et al. 2011.) In addition to the above, the Firm's total societal footprint should be monitored and proportioned to individual initiatives. In other words, one's level of "sustainability" must not be assessed solely based on stand-alone investments but, instead, such conclusions should be based on the combined effects of all operations and activities (de los Reyes & Scholz 2019, 789).

Furthermore, the Firm should evaluate the successfulness of its past initiatives. Whereas the beneficiaries have the most influence on what kind of initiatives are

executed, the Firm can have a greater effect on the efficiency and efficacy of these selected initiatives. Accordingly, evaluating internal sustainability performance is vital for determining what kind of initiatives entail the best strategic fit, for example. Adopting the efficiency logic, or relating inputs to achieved outcomes, is a crucial step toward analytical rigour in corporate sustainability. (Wójcik 2016.) Efficiency logic reveals whether the Firm's resources are in appropriate use. Based on longitudinal data, future initiatives should be screened according to the societal issues where the Firm is able to make the best impact with given resources (Porter & Kramer 2011, 12). In addition to efficiency, the Firm should also validate the long-term strategic fit of the current sustainability policy. The Firm should combine monetary and non-monetary indicators to determine whether previous sustainability initiatives have brought the organization closer to its long-term objectives. These data-based insights should then be used to adjust the qualification criteria for investments or even redesign the entire sustainability strategy. (Kaplan & Norton 2007.)

6.1.4 Proper implementation

Lastly, guidelines for enhanced implementation of the Firm's sustainability policy will be provided. Above all, it should be acknowledged that strategies and policies do not merely exist as uniform or coherent ideas throughout an organization (Jarzabkowski 2005, 16). Instead, it is more likely that each employee lives in a unique reality which is shaped by their personal interpretation of official policies (McLaughlin & Jordan 1999, 67). This multitude of interpretations is rather natural but to negate such counterproductive confusion as mentioned in some interviews, the Firm should first ensure that its sustainability strategy is coherently understood at top management level. To achieve this, key concepts must be explicitly defined, and a specific societal purpose must be verbalized for the Firm. These matters should then be dissipated downward to middle management to create a basis for a unitary understanding throughout the organization. (Mühlbacher & Böbel 2019, 321–322.)

Also, since one interviewee claimed that a distinct sustainability strategy would currently not exist, internal sustainability communication must be conducted more consistently and intelligibly – otherwise employees cannot be aware of such policies. Since people tend to create cognitive shortcuts whenever facing excessively complex issues, the sustainability policy should be communicated in such a simple manner so that employees could understand it with ease (cf. Lee 2019, 32). Ideally, this would reinforce

organization-wide agreement on the strategy as employees would not need to create their own simplifications of its contents. To chart more specific information needs and starting levels of employees, it is essential to negotiate with them about possible communication methods and prospective contents (Høvring 2017). This way the Firm can ensure that its communication resources are in effective use. In addition to surveying such needs in advance, future sustainability communication should also be founded on bidirectional communication so that employees can give direct feedback (Kaplan & Norton 2007, 154). This is intended to facilitate organizational learning in two ways: employees would be able to pose questions directly at need and the Firm would find out whether its communication methods are satisfactory among employees.

Another expressed problem with implementation was that the current sustainability strategy is inadequately integrated into daily procedures. Therefore, more effort is required into translating strategies into clear requirements and actionable tasks at all levels. Following the philosophy of BSC, strategy implementation should be based on three aspects: enhanced education, aligned goals, and new incentive systems. (Kaplan & Norton 2007, 154–155.) Guiding principles for enhanced education were already suggested above but, as a round-up, methods for introducing new sustainability policies should be designed to suit prevailing organizational conditions. This means that internal cultures, norms, and cognitive starting levels must be used as key inputs for determining methods of education. (cf. Baker & Modell 2019, 930–931.) As for aligning employees' personal goals with those of the Firm, employees' attention should be directed to those sustainability issues which they can affect in their daily work. For instance, this can be done by introducing new sustainability indicators in work performance measurement templates. Here, the logic is that certain elements are likely to be perceived more important when they are actively measured (Mühlbacher & Böbel 2019, 322). This can be used to align employees' behaviour with the Firm's sustainability objectives and guide the organization toward a desired future state (Baker & Modell 2019, 930, 933). However, increasing personal performance measurement should be combined with new incentives as well in order to compensate for the additional burden. As for top management, sustainability targets should be included in remuneration schemes to encourage consistent managerial focus on sustainability issues. Hence, it would no longer be in the interest of top management to back down from ambitious sustainability targets even if they would not yield short-term financial gains. Appropriate incentives should also be introduced at grassroots level to facilitate self-guided sustainability activity. (Kaplan & Norton 2007, 155–156.)

6.2 Logic model

Next, the Firm is provided with a preliminary process chart which yields a tangible example of managing societal value creation in a systematic manner. In order for future sustainability efforts to be beneficial both to the Firm and society, a dedicated logic model must be established (cf. McLaughlin & Jordan 1999, 66; Yin 2003, 127). Key insights from the logic models of within-case analysis are used as inputs for this preliminary process. To summarize, interviewees regarded societal stakeholders as rather passive, and the spectrum of societal outcomes was inadequately acknowledged. Thus, the new logic model must take the related complexities better into account while still being intelligible for managers.

First, a foundation must be established for the new logic model. Since the Firm cannot decide on its own what societal value actually is or how it can be created, this implies that the entire model should be founded on the idea of value co-creation. Accordingly, the construction must include elements which facilitate collaboration between the Firm and relevant stakeholders. A favourable foundation for this can be extracted from Grönroos & Voima's (2013, 141) interpretation of value co-creation as illustrated in Figure 2. Above all, societal value must be seen to be ultimately created by its beneficiaries. This means that the Firm can only *facilitate* this process by providing appropriate resources to be exchanged and integrated. However, societal value can also be co-created if the Firm and beneficiaries integrate their resources in deliberate collaboration at the intersection of their spheres of influence. To minimize visual complexity in the final construction, the two intersecting spheres are replaced with a linear continuum with the Firm and beneficiaries at both ends and co-creation in the middle. This foundation is presented below in Figure 13.

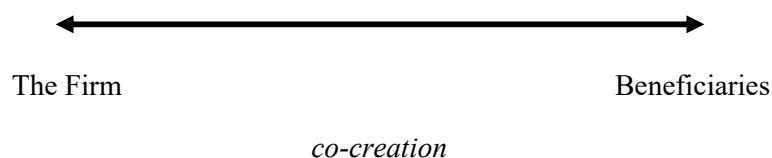


Figure 13 Logic model: foundation (adapted from Grönroos & Voima 2003, 141)

Perhaps most importantly, this foundation provides visual support for managers to conceive the complexities behind societal value creation. By portraying the two key parties at the far ends of the continuum, this structure may induce managers to seek the middle ground. Too far to the left the Firm would be alone with its resources and with no-one to utilize them; too far to the right the beneficiaries would be struggling to extract value from nothing. However, in the middle lies the best conditions for societal value creation owing to optimal possibilities for exchanging and integrating resources and services (cf. Vargo et al. 2008, 148). Accordingly, this middle ground can be regarded as the essence of societal value creation. Moreover, this continuum yields a useful cognitive shortcut for managers as it divides the symbolical playing field into distinguishable sections. On the far sides, specific actions or resources can be displayed which depict the contributions or responsibilities of each party. For example, the Firm should not try to fabricate what kind of value is needed because this information must be inquired from the beneficiaries. Therefore, the middle ground depicts matters which both parties can affect, that is, co-creating societal value. This division is intended to make it easier for managers to see what things each party should focus on – and what things to expect from other parties.

Next, the core structure is formed. Although network-thinking was promoted in the strategic guidelines, it is not applied here in order to make the logic model as simple as possible. For this reason, the logic model's structure is set to be linear. As for more detailed contents, Wójcik's (2016, 49) operationalization of CSV is taken as a basis because it demonstrates well the progression from sustainability efforts into societal value. However, this structure is augmented with insights from empirical results and relevant literature. Resources are no longer specified as the first step of the process because resources and services are in fact exchanged and integrated throughout societal value creation processes (Akaka et al. 2012, 38). Thus, the initiative itself constitutes the first step. As seen from the interviews, complex and intangible societal value was not acknowledged or deliberately discussed. Instead, immediate and tangible *outputs* of sustainability efforts played an important role in perceiving the extent of created value. Although tangible outputs are an inseparable part of the process, societal value does not automatically result from them (cf. McLaughlin & Jordan 1999, 67). Accordingly, it is essential to illustrate that ultimate societal value requires yet another transition – value is realized as beneficiaries utilize the immediate outputs. All in all, the suggested structure for societal value creation is demonstrated in Figure 14.

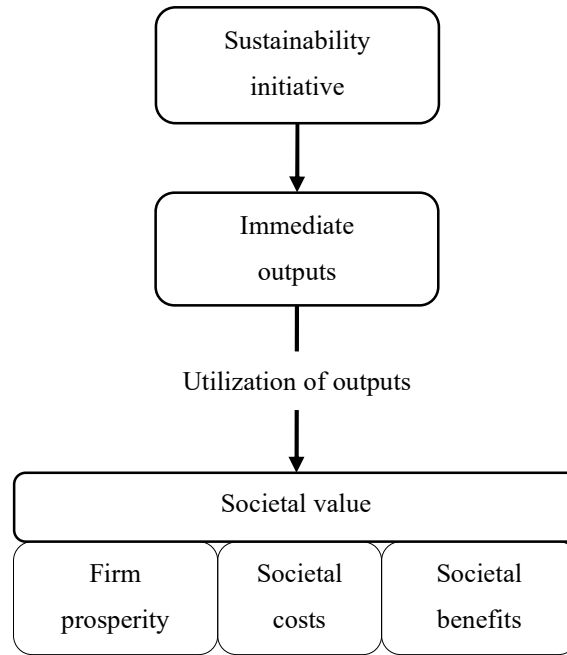


Figure 14 Logic model: structure (adapted from McLaughlin & Jordan 1999, 67; Wójcik 2016, 49)

This structure is intended to make it easier for managers to conceive both the tangible and intangible aspects of societal value creation. The initiative is formed as a combination of inputs both from the Firm and relevant stakeholders, such as financing or knowhow. Next, after the initiative has been implemented, its immediate outputs are yielded, such as safer job opportunities or reduced emissions. It is important to note that these outputs cannot be regarded as societal value yet because that only arises when the beneficiaries interact with these outputs. For instance, safer job opportunities will not translate into societal value if no-one wants to apply for these jobs due to other potential issues. While only beneficiaries can actually realize value, the Firm can support them during this utilization phase and, thus, ensure that initial investments eventually bear fruit. The resulting societal value can be further disaggregated into three elements making it easier for managers to anticipate combined effects of past actions. Created societal value can then be approximated by assessing the respective changes in each of the three elements (cf. Wójcik 2016, 47–48). For instance, if a hypothetical investment had no effect on Firm profitability or environmental damages, but employee health was notably improved, then total societal value would have increased. All in all, the utility of the above structure

manifests in its simplicity while still presenting societal value creation in a truthful manner.

As for the final part of the logic model, actor-specific activities will be displayed in more detail. Based on the interviews, it seems that the Firm does not place deliberate focus on how its stakeholders extract value from sustainability initiatives. To emphasize that societal value does not emerge automatically from such investments, beneficiary interaction will be introduced as a key element in the flow from inputs to ultimate value (Vargo et al. 2008, 148). These beneficiary-specific activities are illustrated on the right, and they primarily include determining what kind of value creation is needed in the first place and how much value is ultimately created. Likewise, Firm-specific activities are displayed on the left which primarily consist of conducting the efficiency logic (Wójcik 2016, 47–49). Whereas the beneficiaries are dominant in determining what value is, the Firm’s main responsibility is to ensure that societal value creation is facilitated with optimal resource efficiency (cf. Porter & Kramer 2011, 12). To present this element with appropriate simplicity, former elements of the logic model are not displayed in full detail in Figure 15.

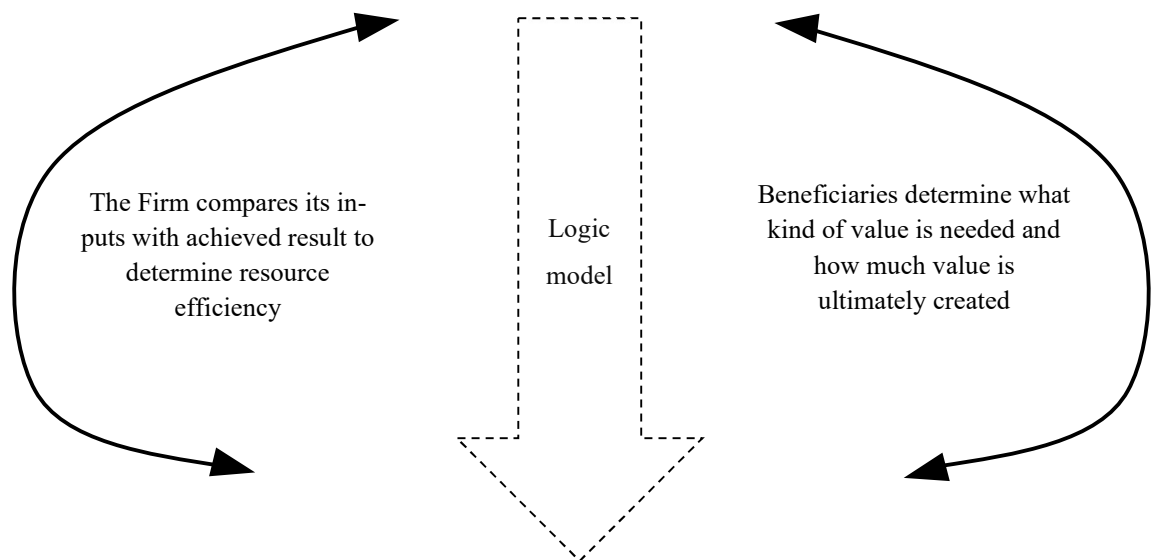


Figure 15 Logic model: actor-specific activities (adapted from Wójcik 2016, 49)

This final element draws on the continuum presented in Figure 13 as different actors' main tasks are visualized at opposing ends of the logic model. Although societal value creation is mostly based on co-creation and tight collaboration between relevant parties, it is also vital to recognize those activities that take place at the far ends of the continuum. These actor-specific activities dictate, for example, what kind of sustainability initiatives are needed, how they should be conducted, and what kind of results they can yield. As for the managerial perspective, this element is intended to render societal value creation more comprehensible by counterbalancing the complexity related to the term "co-creation". It demonstrates the tasks for which each party is responsible for. Conversely, this element also shows the aspects on which either party should not place too much focus – one can only affect those things that lie within their sphere of influence. (cf. Grönroos & Voima 2013, 140–142.)

7 FINDINGS AND DISCUSSION

Next, the findings of this thesis are presented, and they are followed by a contemplation of their nature and significance. Due to the constructive research design, it is reasonable to start by presenting the final construction which aims to solve the Firm's problem. Subsequently, results from the validation interviews are presented to portray the solution's first reception together with received change requests. Once the construction has been thoroughly described and evaluated, theoretical contribution of this thesis will be presented. This enables to use the insights from validation interviews in order to finalize the initial theory-based refinement of CSV. After this, managerial contribution of this study is elaborated by drawing on the results from the above sections. Lastly, the potential impact of this thesis is evaluated by discussing central limitations inherent to the used research design and past choices. Promising avenues for future research are also pointed out to facilitate subsequent exploration of this rather young field.

7.1 Presenting the construction

Research question 3 inquires “*What kind of a framework should be developed for the Firm to manage societal value creation*”, and this encapsulates the Firm's current problem. A tailored solution is needed which reinforces managerial comprehension of corporate sustainability and provides a tangible tool for strategic decision-making. The construction of this thesis aims to answer both of these aspirations. Whereas the strategic guidelines are intended to broaden the Firm's horizons on how to conceive and implement corporate sustainability in a systematic manner, the logic model provides a simple yet holistic approach to managing societal value creation initiatives.

The strategic guidelines are not intended to replace the Firm's current sustainability strategy but, instead, augment it by reinforcing its current strengths and patching up identified weaknesses. Accordingly, the existing strategy is used as a foundation for the whole construction and all subsequent suggestions are intended to fulfil contemporary objectives. Among such objectives is the pursuit of proactiveness. According to Firm documents and interviews, this means reaching such maturity in corporate sustainability so that the Firm can design its policies to reach optimal results for all key stakeholders – not basing decisions on mere external pressure. Proactiveness is a vital enabler for future successfulness because the desired competitive advantage is not likely to result from a generic sustainability strategy that would settle for being level with competitors (Porter

1985, 20). Indeed, proactive sustainability strategy should be seen as a dynamic capability that can help the Firm to reach high sustainability performance in turbulent environments (cf. Hart & Dowell 2011, 1473). The strategic guidelines presented in Table 8 aim to cultivate proactiveness of Firm sustainability and improve the maturity of managing societal value creation.

Table 8 Construction: strategic guidelines

Guidelines	Elaboration
Holisticness	Excessive Firm-centrism must be eradicated by placing more focus on long-term societal outcomes and regarding relevant stakeholders as active participants in societal value creation. Internal flow of information must facilitate holisticness.
New value approach	Societal value is subjective, context-specific, and not controllable by the Firm. Management of societal value creation must be based on network-thinking and co-creation of value.
Analytical rigour	Societal value creation must be managed by data instead of beliefs. Conclusions about potential initiatives, achieved impacts, and internal performance must be demonstrable.
Implementation	The Firm must acknowledge that strategies emerge from employees' interpretations and actions. Implementation must foster consensus on sustainability and link it to daily operations.

As for holisticness, the Firm should move away from a corporate-centric logic that was prominent in all interviews and, instead, embrace a more externally oriented perspective. Firstly, instead of focusing on short-term tangible or financial outputs of past initiatives, the scope of sustainability decision-making should be expanded to cover long-term societal outcomes: Firm prosperity, societal costs, and societal benefits. For example, the Firm should shift away from intermediate impacts, like emissions or new vacancies, and place more deliberate focus on assessing long-term outcomes, such as viability of the Firm's strategy, state of local environment, or wellbeing of employees. It is important to note that these ultimate and high-level effects are the very factors that constitute societal value, and that all Firm activities eventually materialize as some of the three components of societal value.

Stakeholders are crucial for the success of all strategies and, for this reason, these groups deserve more active roles in the Firm's sustainability strategy. To combine

truthfulness with appropriate usage of resources, relevant stakeholders should be mapped with purposeful scope and precision in relation to the task in question. High-level strategy work necessitates a broad but simplified mapping of stakeholder groups relevant to all operations, whereas individual investments require a focused but thorough list of key stakeholders. It is essential for different tasks to have dedicated sets of stakeholders to improve managerial awareness of how stakeholders interact with each other, what they need, and how to reach optimal results. Furthermore, stakeholders must be regarded as active participants in sustainability initiatives because they possess vital knowledge and resources for reaching intended outcomes. In other words, the Firm should allow key stakeholders to have more prominent roles and responsibilities in terms of screening, designing, implementing, and evaluating future initiatives.

Also, holisticness is partially enabled by an uninterrupted flow of information within the Firm, and this can be achieved with organizational structures that eliminate internal information silos. To negate potential transparency-issues related to not having centralized management for societal value creation, respective *project management organizations* (PMO) of individual initiatives should be harnessed for compiling and disseminating information to an upper organizational body. There, information of past actions and achieved results should be regularly summarized and communicated back to all PMOs to retain a holistic understanding of the combined effect of grassroots level actions. Maintaining such “bird’s eye view” would prevent wasting resources in overlapping actions as well as enable novel synergies from interconnected tasks. For instance, a campaign to improve internal recycling rates may be more successful if employees have first had training about the basics of circular economy organized by a separate initiative.

Based on the above augmented scope of sustainability, the Firm should establish a new conception of value that suits societal value creation. Indeed, societal value is fundamentally different from commercial value – it can be defined as the well-being or survivability of given stakeholders and these attributes emerge from all Firm activities, not merely from its offering. Accordingly, societal value cannot be created or manufactured by the Firm itself but, instead, it is materialized when stakeholders interact with available resources or outputs while aiming to satisfy their needs within the prevailing context. In principle, this means that the Firm can only facilitate societal value creation by providing appropriate resources to be utilized and turned into value. It is vital that the complex nature of societal value is embraced in high-level strategic planning. This ensures that the

Firm's sustainability strategy and future initiatives are founded on such principles which are not disconnected from the intricacy of societal phenomena.

The above subjectivity means that societal value cannot be managed with a conventional Firm-centred value chain philosophy, such as with commercial operations. Because societal value cannot be controlled by the Firm, a network perspective is more a truthful method to depict the creation of such value. Key stakeholder groups of future initiatives should be seen as equal actors within a value network who are interdependent and brought together to integrate their unique resources, such as financing, administrative connections, or work contribution. In other words, societal value creation should not be seen to be dominated by the Firm because it does not possess all required resources or capabilities. For instance, establishing a new eco-friendly production facility is possible only if it gains the acceptance and active contribution from the surrounding municipality and competent workforce. To respect this mutual interdependence and to reap maximal benefits from these networks, the Firm must ensure that all parties have appropriate means of communicating their interests.

Accordingly, the Firm must regard societal value creation as an interactive process, which necessitates collaborating with key stakeholders. This means that future initiatives should primarily be designed according to the principles of value co-creation: planning, executing, and evaluating projects in close collaboration with stakeholders and ultimate beneficiaries. Co-creation is fundamental to future initiatives, because the Firm alone cannot know what kind of value is needed, how it should be facilitated, or how much of it has emerged. In addition to joint tasks, there are also specific activities that only a certain party can undertake, such as the Firm determining internal resource efficiency or the beneficiaries determining initial need for value. However, the majority of societal value creation activities should still be considered as common endeavours.

Next, in order to reach the desired level of maturity in societal value creation, the Firm must improve its analytical rigour – more closely, it must switch to managing corporate sustainability by data. This means that future decision-making must not be based on managerial beliefs or external pressure but, instead, on demonstrably best solutions. Whereas the former two strategic guidelines help the Firm to reach its vision of proactiveness, management by data is a prerequisite for fulfilling the Firm's current sustainability mission: to optimize value creation for its key stakeholders. By embracing transparent and justifiable decision-making policies in corporate sustainability, the Firm can

gain a more thorough understanding of prevailing demand for societal value creation and how to harness surrounding resources and interests for productive use.

To begin with, the Firm must assess what kind of societal value creation initiatives are demanded. A systematic approach necessitates the Firm to negotiate with its stakeholders to find out their needs and interests. For example, if the Firm is planning to launch a campaign to improve blue-collar work safety, it must first investigate which hazards or downsides are most urgent from employees' point of view. This stakeholder data can then be used to shortlist the most promising initiatives from a larger portfolio, for example, according to the level of expressed urgency of each issue. Also, these insights may provide preliminary guidance for addressing a given issue, for instance, by observing and applying stakeholders' suggestions. In short, all future sustainability initiatives should be backed up by demonstrable data of their demand.

Furthermore, to monitor past progress, the Firm must be able to determine the effects of joint activities. To find a balance between indicators that are easy to use in strategic decision-making and also enable adequately truthful conclusions, the Firm should start developing utility-based indicators that suit its specific context and objectives. Monetary metrics, such as net present value of investments, should be applied to measuring initiatives' impacts on corporate prosperity whereas societal costs and benefits are more likely to require approximation of societal utility together with direct feedback from beneficiaries. This preliminary array of indicators enables the Firm to assess the three components of societal value in a more tangible manner.

Thirdly, since the Firm must navigate through turbulent environments with scarce resources, it is vital to evaluate the successfulness of past societal value creation initiatives. Improving internal resource efficiency is the Firm's paramount responsibility in joint sustainability initiatives and this can be conducted by relating all committed resources to achieved outcomes. Using such conclusions, the Firm can infer what kind of sustainability initiatives best suit its specific capabilities and, then, demarcate the societal issues in which it should specialize. Accordingly, whereas an initial screening of investments should be conducted according to stakeholder demand, the final selection of initiatives should be based on where the Firm can produce comparatively greatest impacts. By analysing the performance of used methods, the Firm must adapt its sustainability strategy to achieve an optimal fit with corporate and societal needs.

As for the final guideline, the Firm must improve its implementation methods for corporate sustainability. To begin with, there must be a realistic conception about how

strategies exist within an organization. Although a strategy may be explicitly defined on paper, they are materialized through the interpretations and daily actions of all employees. Accordingly, a refined approach to strategy implementation must take this multitude of interpretations into account so that undesirable effects can be eliminated. Firstly, a coherent understanding of the content and purpose of corporate sustainability must be established. This orientation should be started at top management level and gradually advanced toward blue-collar level as the strategy gains more concrete elements over time. Moreover, successfully integrating a new sustainability strategy among employees requires enhanced internal communication that suits prevailing organizational conditions. Similar to a previous Firm campaign related to corporate culture, the sustainability strategy should be communicated plainly and consistently so that employees can internalize the information with ease. Also, all educational communication should be designed to include bidirectional elements, so that employees have a direct channel to discuss with higher organizational levels. This is intended to improve employees' learning as they can easily seek answers to perplexing issues while middle and top management can simultaneously gain insights about how the current approach is performing and how to improve it.

Besides distributing information, the Firm must integrate its sustainability strategy into daily routines at all organizational levels. Firstly, as long-term strategic objectives have been converted into tangible and actionable short-term targets, these targets must then be included in employees' work routines and their evaluation schemes. In other words, sustainability aspects that are most prominent or actionable in each position should be included in official work requirements and appropriate instructions must be distributed. Then, these sustainability tasks and their fulfilment must be included in regular employee evaluation routines. The logic is to direct employees' attention to most relevant issues through refined sustainability monitoring. To fully align employee's interests with the sustainability strategy and harness their motivation, these sustainability targets should also be linked to personal rewarding. It is especially vital to connect sustainability performance with top management remuneration to solidify high-level commitment, but also blue-collar sustainability tasks should be incentivized to encourage individual enterprise.

In addition to abstract advice provided by the above guidelines, a tangible example of managing societal value creation is also presented. This logic model can be regarded as a roadmap which ensures that future initiatives are purposefully designed from start to finish. In other words, the logic model prevents incoherent initiatives from being implemented or on-going initiatives from drifting into a direction that would not have

reasonable means of maximizing societal value. It also aims to provide managers with an intelligible tool that helps them to deal with the complexities of societal value creation over the life cycle of an initiative. The complete logic model is presented in Figure 16.

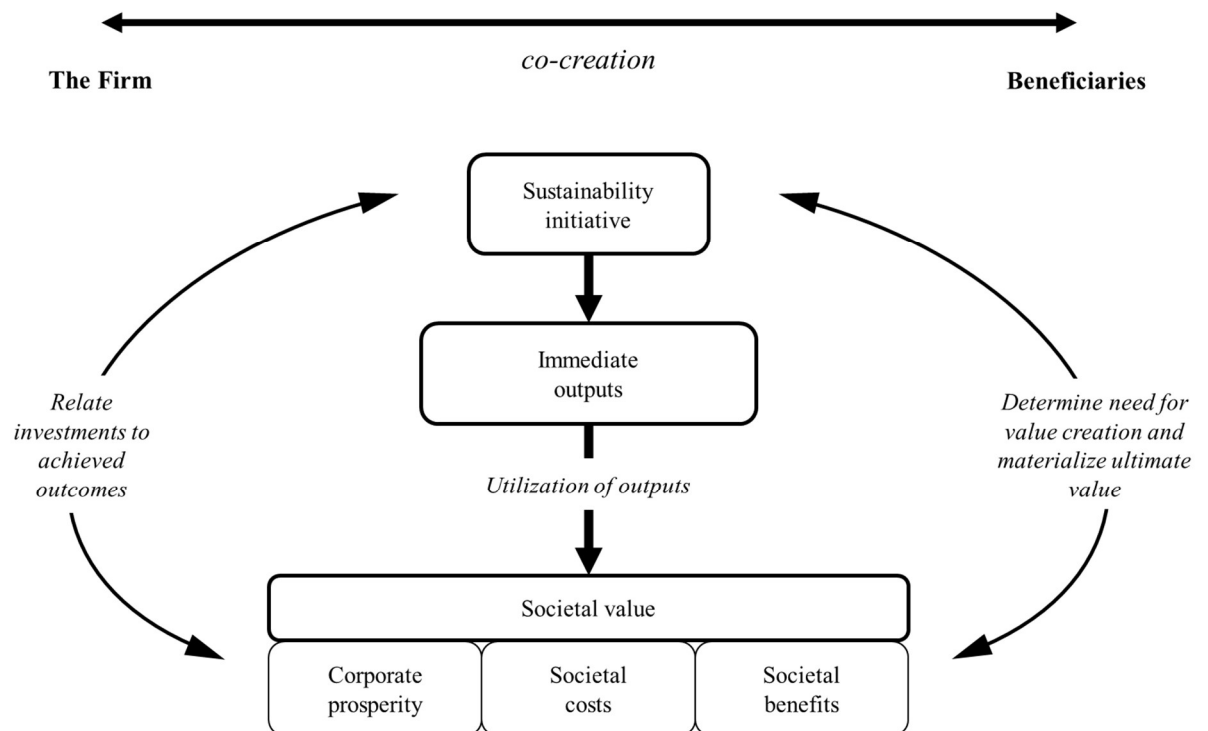


Figure 16 Construction: logic model

To begin with, the logic model demonstrates that societal value creation is not an endeavour dominated by the Firm but, instead, it is based on collaboration with key stakeholders. As a simplification, a value network illustrated as a continuum with the facilitator and beneficiary at opposite ends. Neither party has full visibility into the other end of the continuum and these areas symbolize those actions and responsibilities which do not include collaboration. For example, allocating organizational resources is only possible for the Firm whereas determining one's personal needs is only up to target stakeholders. In the middle of the continuum, collaborative actions are depicted, and the majority of societal value creation takes place within this co-creation area. This aspect is crucial for future initiatives – societal value can only be facilitated by the Firm, so invested resources will only bear fruit if the benefiting party is also actively involved. For instance, in a hypothetical initiative concerning work safety, the Firm should first find out to whom it is

intending to create value. By clearly demarcating the benefiting party, the Firm can focus on mapping these specific stakeholder needs and developing methods for continuous collaboration and negotiation.

The central process chart takes place within in the co-creation zone meaning that all subsequent phases require contribution from all parties. Its progression aims to depict this complex phenomenon in a truthful yet simple manner, broken down into easily comprehensible and manageable phases. The process chart does not place primary focus on Firm-based activities but, instead, it leaves more room to illustrate the events that happen *after* the initial investment, possibly several years later. To begin with, societal value creation is commenced with a sustainability initiative including, for example, Firm resourcing and collaborative forums. Returning to the work safety example, such an initiative might begin by putting together a safety task force of managers, blue-collar workers, and external experts to evaluate the current situation and plan corrective actions. Such actions might include concrete safety-related investments or development of new working procedures based on current hazards. However, it is vital that the entire initiative is based on demonstrable stakeholder data and that the Firm is addressing the correct problem – otherwise, there is a risk of spending resources without systematically aiming for best results.

Subsequently, the initiative is likely to produce rather tangible outputs on a short time scale. For instance, the hypothetical safety initiative may initially yield improved work instructions together with newly procured safety equipment. However, it is important to note that these work safety *outputs* cannot be regarded as societal value yet; they are mere resources that are yet to be *utilized*. Indeed, high-end safety equipment do not prevent accidents or reduce days of sick leave if they are used improperly or not used at all. Although societal value can only be materialized by the benefiting party, this task is an integral part of value co-creation because the Firm has a considerable influence on whether the immediate outputs end up in appropriate use. For instance, by instructing and promoting safety culture within employee networks, the Firm can turn the utilization phase into genuine co-creation. Alternatively, leaving target stakeholders without proper guidance at this phase may cause the value creation process to cease prematurely as these outputs would not end up in active use, thus leaving the majority of preceding investments without payoff. For this reason, the utilization phase must be deliberately integrated into the sustainability strategy and future initiatives.

Once the outputs have been properly used, societal value will eventually emerge as the ultimate outcomes of an initiative. Since such value is abstract and potentially difficult

to identify, the logic model aims to provide an intuitive approach to evaluating the elements of societal value. Corporate prosperity may be the easiest to recognize but it is nevertheless a key element of societal value, for instance, owing to the tax-paying ability of for-profit organizations. This organizational well-being may manifest itself as sustainably profitable business models or as strategies that are fit for forthcoming uncertainty. However, corporate-level outcomes form only a fraction of all societal outcomes and, accordingly, societal costs and benefits must also be accounted for. These can emerge both locally and globally and they may cover such matters as biodiversity, environmental purity, human well-being, and standard of living. Effects of sustainability initiatives on total societal value can be estimated by assessing the relative changes in the elements of societal value. For example, if the above work safety initiative did not have a long-term impact on Firm profitability or living standards of the local community, but it decreased previously widespread musculoskeletal disorders among blue-collar workers, the initiative can be claimed to have increased total societal value. (cf. Wójcik 2016, 48–49.)

Lastly, actions and responsibilities that are not collaborative by nature are illustrated on both sides of the logic model. Here, the opposing party may lack adequate visibility or authority required to participate, so these activities are carried out rather independently. For instance, a central responsibility of the facilitating party is to evaluate its resource efficiency throughout an initiative. This means relating lifetime investments to lifetime outcomes in order to determine whether the Firm is able to achieve desired results – and whether the prevailing sustainability strategy fits the Firm’s core capabilities. On the other hand, the benefiting party must examine how its demand for societal value develops along the initiative, for example, as contextual factors change. The beneficiaries must also realize the ultimate value, and this might include activities which are beyond the Firm’s influence. So, although societal value creation proceeds somewhat chronologically from the initiative to the ultimate outcomes, these independent activities bring iterative elements to the process. For example, the Firm must anticipate future outcomes and resource efficiency when selecting an initiative, but it must conduct such evaluations recurrently as more concrete data becomes available. Similarly, lengthy value creation initiatives may require the beneficiaries to articulate their needs in several iterations and ultimate societal value may be extracted at multiple points in time. All in all, societal value creation should be acknowledged as a complex task which necessitates thorough commitment from all relevant parties in order to ensure successfulness. Nevertheless, with the help of the above

guidelines and logic model, this complexity can be broken down into comprehensible tasks and, as a result, even societal value creation can be managed systematically.

7.2 Validation of the construction

Next, the results from validation interviews will be elaborated. Three high-ranking managers from different functions were asked to evaluate the above construction in terms of its fit with the Firm's current strategy and culture. These results provide an initial conception about the construction's potential to solve practical problems in corporate sustainability (Lukka 2001). Accordingly, the successfulness of this thesis is partially dependent on the sentiment of this reception as it demonstrates whether the applied literature bears significance outside the academic domain. External validity, or generalization to other for-profit organizations, can also be tentatively inferred from these validation interviews (Labro & Tuomela 2003, 429).

Overall, the construction was received rather positively. As for the fixed response alternatives shown in Appendix 2, the strategic guidelines were mostly associated with option B, whereas one interviewee opted for a middle point between A and B. This means that the guidelines were seen to require moderate to minor changes in order to be optimal. The suggested guidelines were complimented for answering the most urgent downsides of the Firm's existing approach to societal value creation. For example, presented forms of holisticness and analytical rigour were seen to be essential for developing the current strategy, and these came across as priorities in possible adoption. Also, suggested implementation methods found a strong echo in all interviewees, and especially aligning employees' personal interests with the Firm's objectives was praised as a noteworthy aspect. On the other hand, the new value conception was considered to be too abstract at the moment in order to be implementable in decision-making. For instance, interviewees pointed out that demarcating explicit beneficiaries may be difficult or even impossible in terms of global impacts, such as CO₂ emissions. Furthermore, the presented definition for societal value was regarded nearly unusable due to its vagueness and non-quantifiability. Interviewees acknowledged that societal value cannot be managed with conventional methods based on commercial value, but they did not expect the suggested value conception to solve any practical issues in corporate sustainability.

According to the fixed responses, the logic model was perceived to be slightly better suited to the Firm's needs compared to the above guidelines. All interviewees regarded the logic model to be between options A and B meaning that only minor changes would

be required for an optimal fit. The basic structure of the logic model was complimented on being rational and truthfully depicting how a sustainability initiative would unfold in practice. In fact, one interviewee claimed that the central process chart is already tacitly acknowledged in sustainability decision-making but pointed out that the logic model helps to concretize these thought patterns. In addition to providing such cognitive support, actor-specific activities were praised for demonstrating the iterative nature of sustainability initiatives. For example, one interviewee stated that the Firm must either determine or hypothesize its resource efficiency multiple times throughout a project – in the very beginning to qualify most promising investments, in the middle to steer current activities, and at the end to find out actual performance. However, the logic model was criticized for being excessively simplified in terms of displayed stakeholders. Focusing merely on two parties was deemed impractical as initiatives typically include a multitude of stakeholders. Furthermore, the formation of societal value was regarded too abstract, and the logic model did not provide desired means for assessing societal value in practice.

Notable suggestions for developing the construct were also provided during the validation interviews. Firstly, a more detailed definition for societal value must be established and special attention is required to converting such value into quantifiable indicators. These are crucial areas of improvement because the above ambiguity is the biggest hurdle to adopting the construction. As for the limited scope of stakeholders, it was suggested that more stakeholders could be included in the upper continuum and their activities could perhaps be listed as bullet points. Perhaps most intriguingly, one interviewee pondered how to define a “sustainability initiative” or how to distinguish one from conventional business investments. The interviewee suggested that the word “sustainability” should be removed from the construction as it may obstruct sharing responsibilities between Firm departments. This logic spawns further fundamental questions about what issues should be included in the “management of corporate sustainability”, but these were not further discussed in these interviews. All participants were rather unanimous about the potential use for the construction. It is best suited to high-level sustainability decision-making, and some elements are likely to be integrated into the existing sustainability strategy. Especially the logic model together with the guidelines for holism and proper implementation were considered quite promising. In terms of a time frame for a possible integration, interviewees presumed this to take at least a year as some sort of a pilot study would have to be conducted first.

The above validation results indicate that this thesis has partially succeeded in answering the Firm's needs. Although the construction was praised for its forward-looking elements, its prevailing lack of concreteness seems to prevent the construction from being implementable in its entirety. For this reason, the construction cannot be regarded as potent or comprehensive a solution as initially intended.

7.3 Theoretical contribution

This thesis provides two kinds of theoretical contribution through research questions 1 and 2: "*What does the concept of CSV mean to business*" and "*How can CSV be operationalized*". Firstly, this thesis has aimed to develop corporate sustainability literature into a more coherent direction and addressing the calls for further research. Whereas the rise of CSV literature has had a unifying effect on the previously fragmented CSR literature, this study has clarified and augmented the concept of CSV (cf. Crane et al. 2014, 133). Perhaps most importantly, this field was not merely addressed through the lens of corporate sustainability but, instead, a broad perspective was achieved by examining the topic through three streams of literature: strategic management, value creation, and corporate sustainability. Such a deliberately diverse theory basis cannot be identified in most papers related to this topic, and this was a key factor for enhancing CSV. More closely, this thesis synthesized the contemporary critique of CSV into four categories and provided refining guidelines by drawing on the comprehensive theory background.

To begin with, Dembek et al. (2016) pioneered impartial research of CSV, that is, examining the concept and its characteristics without a deliberate stand on whether the concept is "right" or "appropriate". Their paper was a remarkable signpost for this thesis, and their suggestions for future research guided how CSV was to be refined. The starting point was to enhance its definition by better demarcating its means, outcomes, and beneficiaries. (Dembek et al. 2016, 244.) However, this research came to conclude that such matters cannot be specified in a strict manner. Indeed, as pointed out by Searcy (2012, 250), universally applicable rules or procedures cannot be predetermined in terms of corporate sustainability. Also, as demonstrated by the concept of value-in-context, the intangible nature of corporate sustainability and societal value creation should not be delimited to stringent demarcations but, instead, these should be approached with more permissive openness to interpretation (Akaka et al. 2012, 20, 22–23). Accordingly, there cannot be any concrete definitions for means, outcomes, or beneficiaries of CSV as each of these aspects are affected by given circumstances and strategic choices of the focal

organization. However, certain unifying principles can be pointed out in order to reinforce the holistic and systematic nature of CSV. Hence, a genuinely communicative approach, acknowledgement of value emerging from utilizing resources, and a context-sensitive mapping of relevant stakeholders are the core factors that define CSV.

Furthermore, as there previously has been no consensus about the role of for-profit organizations in terms of sustainable development, this thesis aimed to bring as much unity into this thorny issue as possible (e.g. Dyllick & Hockerts 2002, 131; Porter & Kramer 2006, 91). Instead of simply gravitating to either end of the continuum that ranges from prioritizing a prosperous economy to satisfying all stakeholders equitably, this study points toward a value-maximization perspective: seeking such business activity that is inherently based on pursuing maximal benefits for all parties (cf. Wójcik 2016, 43–48). By definition, this means that for-profit organizations would not base their decisions on mere financial bottom-lines, but on a commensurable body of total societal value which they aim to increase through specific investments and daily operations. Although this idea is likely to necessitate ground-breaking methods in measuring social and environmental value, this perspective provides a promising direction for the debate around corporate sustainability. In line with the idea of norm-making, where organizations must actively fill institutional voids when they encounter adverse operating models, the suggested value-maximization perspective holds corporations liable for pairing up diverse societal interests in new ways (de los Reyes et al. 2017, 152). As verified by unanimous signals from Firm managers and official documents, such a proactive stance to societal value creation should be regarded as the main role of for-profit organizations.

Since Porter and Kramer's (2011) initial idea of CSV as a transformational concept has not been accepted among scholars, this aspect was also identified as a target for development (e.g. Crane et al. 2014, 140). As Lee (2019, 27) argued, CSV is not equipped with such theoretical or managerial elements so that it could be expected to make a substantial difference in terms of sustainable development. Indeed, a change of this magnitude – transforming the prevailing economic system – would require further inputs than just a novel concept for managing corporate sustainability. It would require persevering institutional reformation of governmental and legislative structures, possibly taking decades to accomplish and stabilize. (Williamson 2000, 597–599.) For this reason, this thesis aspires to bring the wider corporate sustainability debate to a more realistic level, where for-profit organizations or the concept of CSV would not be blamed for their inability to convert the economy into a truly sustainable one. Instead, their evaluation should be based

on matters which lie within their spheres of influence. Whereas for-profit organizations should be expected to maximize environmental and social value creation within their profitability constraints, the role of CSV should be demarcated as facilitating corporate sustainability within prevailing institutional limitations. In other words, CSV's main objective would be to encourage firms to increase their contribution to societal value through better utilization of existing or prospective managerial tools.

In order to turn this aspiration into reality, CSV's analytical rigour was also enhanced. Since adversely self-interested firm behaviour, like greenwashing, has diminished the credibility of CSV, this thesis aimed to highlight theoretical elements that would prevent such negative development from taking place (de los Reyes & Scholz 2019, 786; Voltan et al. 2017, 350). Although both theoretical and empirical insights point out that a strategic fit and commercial benefits are required of sustained corporate sustainability, CSV must go beyond such firm-centric reasoning. Accordingly, it is suggested that CSV should be characterised by an analytical approach where decisions and conclusions about an organization's sustainability performance must be based on assessing their total societal footprint, not disconnected initiatives. Whereas deceptive external reporting or mere faulty evaluation methods may have permitted organizations to benefit from "self-appointed scorekeeping", the new form of CSV aims to prevent insincere actions by embedding corporate sustainability with a holistic perspective (Dembek et al. 2016, 238; Porter & Kramer 2006, 81). As for potential sustainability indicators that are required to turn the above analytical rigour into reality, a hybrid design is suggested. This tentative concept aspires to combine the simplicity of monetary metrics with the richness of perceived value in order to create sustainability measures that would demonstrate societal outcomes in a quantifiable manner. Although this approach is still at a primordial state in terms of theoretical depth, a kind of "societal utility coefficient" could be the missing link in current sustainability analytics. (Akaka et al. 2012, 29; Sánchez-Fernández & Iniesta-Bonillo 2007, 442; Schaltegger et al. 2019, 206–207.)

All in all, the aforementioned aspects contribute to an enhanced conception of CSV on multiple levels. Whereas the concept has previously been criticized for unoriginality, shallowness, naivety, and poor operationalization, this thesis aimed to convert CSV into a clear, purposeful, realistic, and analytically applicable concept. The final refinement of CSV is synthesized in Table 9.

Table 9 Final refinement of CSV

Refinement	Description
Definitional demarcation	Exact means, outcomes, and beneficiaries of CSV depend on the context and the instigator's strategy but generally <ul style="list-style-type: none"> • all CSV efforts must be genuinely collaborative • value of outcomes is determined by beneficiaries • firms have multiple sets of relevant beneficiaries
Role of firms	For-profit organizations must proactively pair up societal interests and maximize societal value creation – they prioritize initiatives fitting their core competences but are accountable for societal issues entailing at least long-term strategic benefits
Role of CSV	CSV supports the transition from capitalism to a sustainable economic system by encouraging maximal corporate sustainability within prevailing institutional limitations
Analytical rigour	All analysis methods must be designed to demonstrate mutual benefits in a truthful and holistic manner – all achieved outcomes must be proportioned to the surrounding context, as in a firm's total societal footprint

When it comes to research question 2 and operationalization frameworks of CSV, the logic model presented in Figure 16 provides further theoretical contribution. In fact, this construction might be the most significant source of novelty value in this thesis owing to the comprehensive theoretical foundation applied in its design. As pointed out by Dembek et al. (2016, 239), contemporary operationalization methods for CSV have not yet evolved into precise tools for measurement – they are primarily “assessment frameworks”, instead. In other words, these frameworks do not enable quantifiable analyses using CSV, but they suggest how CSV could be understood or implemented. In this sense, the logic model of Figure 16 is also an assessment framework, but it is nevertheless one of the most comprehensive approaches to operationalizing CSV in current literature. Indeed, this thesis is one the first studies to deliberately apply the insights of SDL to corporate sustainability or, more closely, to apply the concepts of *value-in-use* and *value-in-context* to societal value creation. The decision to draw on value creation literature proved to be advantageous since the complex nature of societal value ended up determining how corporate sustainability can be approached in the first place. Being open to interpretation and founded on *co-creation*, the logic model promotes a more truthful comprehension of

corporate sustainability as for-profit organizations and their interests are no longer regarded dominant in societal value creation. Furthermore, since the construction is also based on key insights from strategic management and corporate sustainability literature, it provides a sound foundation for developing more tangible and accurate operationalization frameworks and advancing the field toward greater maturity.

The claimed novelty is concretized when the logic model is compared with pre-existing CSV operationalization frameworks. Firstly, Wójcik's (2016) operationalization scheme of CSV served as a notable source of inspiration for this thesis but, in addition to the holistic progression from inputs to diverse outcomes, his model lacks essential content related to the complex nature of societal value and the role of target stakeholders. In other words, his framework does not foster a thorough understanding of how or under which circumstances societal value can actually be created. As for another significant framework, Maltz et al. (2011) provided detailed steps for constructing a societal value-creating initiative and evaluating its results. Similar to Wójcik (2016), their approach to CSV was chronologically extensive and pathbreaking in terms of tangibility. Moreover, Maltz et al. (2011) did mention that contextual factors affect the emergence of societal value, but instead of using value-in-context as a deliberate element in their framework, they assessed societal value creation through a monetary capital budgeting process. Accordingly, their framework does not account for the interactions or interpretations that are essential to the formation of societal value. The remaining CSV frameworks were rather limited or disconnected in terms of content or temporal perspective. Despite describing CSV's success factors, decision-making policies, or data display methods to a laudable extent, such frameworks could not provide a comprehensive understanding of CSV on their own – nor did they yield a coherent idea of CSV when used together (e.g. de los Reyes et al. 2017; Lee 2019; Mühlbacher & Böbel 2019; Spitzeck & Chapman 2012).

To sum up, although CSV could not be quantified within the scope of this thesis, the development of a holistic “assessment framework” is a potentially valuable contribution to contemporary literature. Such frameworks advance the general understanding of how CSV can yield societal value and this knowledge is a prerequisite for future measurement tools. It is only after the phenomenon of societal value creation has been thoroughly understood that any purposeful indicators can be developed (cf. Haski-Leventhal 2018, 242–243). Otherwise, there is a notable risk of drawing false conclusions if seemingly relevant aspects are measured without knowing their true implications or interrelations (Kaplan & Norton 2007, 155; Schaltegger et al. 2019, 207).

7.4 Managerial contribution

In addition to advancing scholarly understanding of corporate sustainability and societal value creation, this thesis also aims to rectify a fundamental mismatch between societal needs and corporate capabilities. More closely, societal and commercial stakeholders are placing increasing pressure on for-profit organizations to improve their sustainability practices but, at the same time, managers do not know how to implement these requirements (Porter & Kramer 2006, 78–81). This same trend was also observed when interviewing Firm employees: prospective customers' expectations and the Firm's public image were identified as external motivation to invest in corporate sustainability – yet there was no consensus on what to do. To disentangle this dilemma, insights from all three research questions are used to provide managerial contribution. Similar to the article of Pfitzer et al. (2013, 101), this thesis aids firms to comprehend and implement corporate sustainability by providing pragmatically oriented instructions to societal value creation.

Whereas some firms may seek guidance from the *Sustainable Development Goals* (SDG), this global scheme only provides vague macro-level objectives that may be difficult to integrate into firm-level sustainability strategies (van der Waal & Thijssens 2020, 2). As for this problem, the refined conception of CSV is potentially useful to provide overarching purpose for corporations aspiring to promote sustainable development. Perhaps the most managerial utility stems from the suggested role of firms and analytical guidelines to corporate sustainability. These aspects instruct firms to be proactive and focus on maximizing societal value *but* not at all costs. A key argument presented throughout this thesis is that corporate sustainability should be based on mutually beneficial outcomes in order to secure financial stability and, ultimately, sustained managerial commitment. For this reason, for-profit organizations should take the initiative to chart new ways to facilitate societal value in which their core capabilities enable auspicious task efficiency. On the other hand, firms are also discouraged from jumping on the sustainability bandwagon with the sole intent of gaining internal benefits. Defensive or reputation-based corporate sustainability is not geared toward maximizing total societal value and, therefore, these strategies should be revised. In a nutshell, this thesis instructs firms to strive for a purposeful form corporate sustainability – if all parties do not benefit from it, the approach must be redesigned.

As pointed out by Searcy (2012, 240), corporations are struggling at developing and implementing appropriate sustainability initiatives. In addition to providing high-level

purpose for sustainability endeavours, the presented construction provides tangible instructions for managers. To begin with, this thesis suggests managers to adopt a holistic perspective to sustainability and to use this enhanced awareness to reap greater benefits for all parties. Furthermore, when accompanied with the idea of value-in-context, corporate sustainability can be approached in a truthful and systematic manner. This philosophy is materialized in the logic model which serves as a roadmap for firms in terms of planning, managing, and evaluating societal value creation initiatives. Most importantly, the construction instructs managers to shift their focus away from a firm-centric logic and conceive corporate sustainability as a collaborative activity. Indeed, co-creation should be regarded as the “primary mode” for all corporate sustainability because no single actor possesses all necessary resources or capabilities to create societal value. However, the idea of collaborating with relevant stakeholders is not new per se as it was recognized in all Firm interviews, and it also has an established role in CSV literature (e.g. Porter & Kramer 2011, 15–16). Instead, the construction alleges that co-creation is a fundamental precondition for social value to emerge at all – without joint activities, firms may only facilitate potential value that would never end up being materialized.

Furthermore, a paramount managerial contribution is that societal value does not merely result from corporate spend allocated for “sustainability initiatives”, but such value follows from a broader set of inputs along a lengthier process. Since societal value is based on all corporate activities, determined by its ultimate beneficiaries, and affected by prevailing contextual factors, the process of creating societal value cannot be considered to be controllable by a given organization. For this reason, it is important to embed corporate sustainability with a new value conception that is not derived from a commercial logic. Accordingly, the suggested perspective on societal value aims to ensure that future management models depict the complex reality as truthfully as possible.

Nevertheless, as hinted in all validation interviews, managers are not likely to welcome any new frameworks if these cannot be quantified or applied to precise analyses. Although this thesis does not provide novel indicators for exact measurement of societal value, a preliminary direction is suggested toward which for-profit organizations should advance. Firstly, corporate sustainability should be data-based. To reach this, it is suggested that prior to any decisions or conclusions, there must be demonstrable data of the demand for societal value creation, realized impacts of past actions, and internal resource efficiency. These aspects aim to assist managers with expressed difficulties related to justifying sustainability investments or the “glass ceiling” dilemma where the

concreteness of financial arguments tends to override the elusive nature of sustainability performance (de los Reyes & Scholz 2019, 787). As for the source of prospective sustainability indicators, managers should utilize the suggested “hybrid principle” and focus on accompanying their established financial indicators with utility-based societal measures. Although any tangible indicators for social or environmental impacts may not be conceivable before the entire field has achieved adequate maturity, it is fruitful for managers to know a general direction where to look.

Lastly, the construction also provides novel solutions for implementation issues that were brought up in both literature and Firm interviews (e.g. Mühlbacher & Böbel 2019, 321–322). In order for the aforementioned suggestions to turn into reality, they must be properly introduced and instilled into the minds of all employees. Although the technical side of implementing new procedures is rather well established already, here the most notable contribution stems from the way in which strategies should be perceived by executives (Kaplan & Norton 2007). Indeed, this thesis suggests that the implementation of future sustainability strategies should acknowledge how employees interpret officially communicated policies and how they subsequently enact what they have understood. Strategies do not merely exist as solid entities within an organization but they materialize through the actions of individual actors. For this reason, implementation projects should primarily focus on reducing unawareness or emergence of counterproductive interpretations among employees. (cf. Jarzabkowski 2005.) The construction suggests that this can be achieved by communicating sustainability strategies as simply, consistently, and interactively as possible. This is intended to facilitate the formation of an adequately unified conception of corporate sustainability as well as support the learning processes of both employees and executives.

7.5 Limitations and future research

The limitations of this study are heavily influenced by the constructive research design and the assignment’s nature. Because the objective of this thesis was to solve a practical problem of a single for-profit organization, the research process and included literature unavoidably geared toward a corporate-centric perspective on sustainability. Consequently, the Firm’s context was highlighted at the expense of other interest groups. This is particularly visible within the literature review, where CSV was eventually examined from a notably optimistic standpoint and the downfalls of corporate sustainability were covered rather lightly. For instance, some adverse trade-offs in corporate sustainability

were dismissed by partially delegating these issues to other organizations without thoroughly contemplating how these would eventually be resolved (cf. de los Reyes et al. 2017). Furthermore, the inability of corporate sustainability to transform the prevailing exploitative state of affairs was also omitted by claiming that for-profit organizations would not be responsible for this to begin with. Accordingly, the researcher's intention of controlling the literature review's proportions may have adversely limited the examination of sustainability from society's perspective. For this reason, the conclusions drawn throughout this thesis may be fundamentally skewed and the conveyed insights may encourage insincere "cherry-picking" of win-win initiatives. (Crane et al. 2014, 138, 141.) On the grounds of selected literature, this thesis can thus be argued to continue defining the pursuit of common good from a corporate perspective (cf. Voltan et al. 2017, 358).

In addition to a limited theoretical scope, the extent of empirical material was also somewhat restricted as it only included employees from the assigning Firm. Relying on information from merely one organization means that resulting conclusions cannot be generalized to other organizations with reasonable certainty (Firestone 1993, 16–17). Consequently, the relevance of this study for other managers – or the society in general – may be reduced. Also, the number of interviewees was not particularly high, totalling six people as both phases of interviews included three participants each. Rather ironically, as this thesis emphasized the ambiguity of strategies and highlighted the importance of individual interpretations of official agendas, a comprehensive understanding of the Firm's tacit reality cannot be reliably inferred from such limited data. This resulted into an accentuated role of the researcher because identifying commonalities, differences, and points of interest from such scarce data relied on subjective judgement. This was particularly notable during within-cases analysis as the interviewees' models of thinking were constructed retrospectively without further consultation. As for the validation interviews, in addition to a fairly low number of participants, the interview structure was particularly vague due to the early stage of the construction which only allowed discussing its use on a hypothetical level. Because the solution had not been piloted or otherwise demonstrated in practice, this means that any insights from these interviews can only be tentative at best (cf. Labro & Tuomela 2003, 429–431). Accordingly, the above issues will have a negative effect on the transferability, credibility, and conformability of this thesis (Eriksson & Kovalainen 2016, 308).

Lastly, in terms of the construction itself, the guidelines and the logic model did not entirely live up to the requirements stated in the Firm's original assignment. Although in

the previous section the construction was praised for providing tangible instructions for managing corporate sustainability, the construction ultimately remained on a highly abstract level, nevertheless. This issue was brought up during the validation interviews as multiple participants highlighted that the suggested guidelines or the logic model did not provide desired methods for measuring societal value. Even though providing novel indicators was deliberately left out of the scope of this thesis, this shortcoming was the biggest individual reason why the construction was not considered completely ready for implementation. In other words, the decision to leave the quantification problem for future studies handicaps the construction and practically prevents it from being implemented in the short term. Although the guidelines and the logic model may provide intriguing insights for managers in other organizations or contexts, this same fundamental issue is likely to persist as long as precise indicators for social and environmental outcomes are developed.

On the other hand, these identified limitations pose promising avenues for future research in terms of corporate sustainability. To begin with, the somewhat biased literature review should be scrutinized and challenged from the perspective of societal stakeholders. Counterarguments should be developed for the refined version of CSV, and any “lightly dismissed issues” should be brought into closer examination. For instance, the handling of win-lose and lose-win cases should be studied together with hybrid or not-for-profit organizations and their representatives could shed light on their interests and capabilities (cf. de los Reyes et al. 2017; Luke & Chu 2013, 767). Additionally, the suggested roles of firms and CSV itself should be contested theoretically and alternative roles should be developed. These competing views would provide supplementary insights into the realm of sustainable development, and they would facilitate pairing up corporate and societal interests in an equitable manner.

Moreover, generalizability of the construction could be better charted in future research. For example, an extensive multiple case study could be conducted for this purpose in order to gain a preliminary understanding of the functionality of the construction in wider use (Eriksson & Kovalainen 2016, 136–137). As a crude design proposal for such research, Oyegoke’s (2011, 585) suggestion on conducting a pilot test could be applied to multiple firms intending to implement a short-term sustainability initiative. In order to determine the effect of contextual factors on the construction’s success rate, voluntary for-profit organizations could be sampled from different industries and cultures. Additionally, even more comprehensive insights could be reaped if such a study would include

a control group of organizations that would not utilize the construction or would not be aided in any way. This element could provide insights into whether the suggested construction can be regarded as a recommendable strategic tool. If the control group outperforms the other firms in all settings, then the construction should not be regarded as a universal or industry-spanning solution for managing societal value creation.

Perhaps most interestingly, if the refined conception of CSV and the construction are generally accepted in future research, the construction could be further developed and augmented with elements that are currently missing. Novel indicators for societal outcomes could be developed so that the construction could redeem the role for which it was initially designed. Ideally, the construction and the refined conception of CSV could serve as a “platform” or an “eco-system” for prospective measurement tools – a type of *sustainability performance measurement system* as described by Searcy (2012). The reasoning here is that if the contributions of this thesis are eventually verified, this new eco-system could ensure that future sustainability indicators are internally coherent and that they would provide appropriate information for each task. Since the fragmentation of the contemporary sustainability literature was identified as a notable problem, such a unified eco-system could foster a rise of purposeful corporate sustainability by bringing the field on a par with conventional business in terms of analytical rigour.

8 CONCLUSIONS

This thesis aimed to systematize the Firm's practices related to corporate sustainability. More closely, the research focused on societal value creation and its appropriate management. This topic was approached with a constructive research design which enabled solving real life problems with scientific methods. Accordingly, by carrying out the Firm's assignment, this thesis bridged prevailing gaps within the field's literature and practice: theoretical understanding was deepened, and managerial instructions were developed.

CSV was used as a theoretical framework for approaching the Firm's problem owing to the concept's promising characteristics. Namely, it is geared towards increasing total societal value while also ensuring adequate strategic connection and meaningfulness from a corporate point of view. However, what was found during the literature review, was that CSV theory is still in its infancy. Although Porter and Kramer's (2011) definition for the concept has a rather established position, there is still notable ambiguity and dissension in terms of its implications. Originally, CSV was intended to transform prevailing corporate sustainability practices, but its methods of realizing these aspirations are mostly unfinished and questionable. Perhaps due to being at such an early stage, contemporary frameworks for operationalizing CSV are also somewhat rudimentary and, for example, they do not enable applying the concept for quantifiable measurements or analyses. These downfalls were amended by drawing on insights from multiple fields of literature and the refinement of CSV takes the concept into a theoretically justified and pragmatic direction. Thus, the essence of the literature review was to increase the understanding of CSV and enhance its internal coherence. It is only after CSV is thoroughly comprehended that the concept can be purposefully operationalized in the future.

The refined conception of CSV was then used as a foundation for enhancing the Firm's sustainability strategy. Its present state was examined through *strategy-as-practice* which highlights the role of employees' interpretations in the realization of a strategy. Accordingly, the views and aspirations of each interviewee were regarded as separate realities which were used to understand how the sustainability strategy is currently acted upon. Their perceptions were distilled into four categories that demarcated the targets for developing the current strategy. The construction consisted of two parts: strategic guidelines provided high-level instructions for rectifying the four most urgent weaknesses and the logic model yielded a roadmap for implementing sustainability initiatives. With these

elements the construction aimed to break down the complexity related to societal value creation and convert corporate sustainability into a systematic activity.

The main contribution to prior research resulted from utilizing a comparatively wide theory basis for enhancing CSV's present state. Assessing the topic from multiple perspectives permitted unifying the currently fragmented CSV literature and, as a result, a prototype of an equitable and functional form of corporate sustainability was presented. As for novelty, this was one of the first studies to apply *value-in-context* into corporate sustainability, and this element opened new avenues into understanding societal value creation. It was found that societal value is not controllable by firms as it is determined by targeted stakeholders and affected by prevailing contextual factors. For this reason, it was suggested that *co-creation* should be regarded as the primary mode for all corporate sustainability: best results can only be ensured when beneficiaries are actively involved throughout the process. These findings materialized in the construction which provided one of the most comprehensive approaches to operationalizing CSV in contemporary literature. It demonstrates the progression from investments to societal value, connects this process with value-in-context, and provides instructions for organization-wide implementation. The construction also poses promising paths for future research by functioning as a prospective platform for supplementary elements and indicators. All in all, this research has contributed to realizing corporate sustainability in a purposeful manner – and potentially converting it into the new “business as usual”.

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APPENDICES

Appendix 1. Primary interview structure



1 (1)

Interview structure

The objective of this research is to systematize the Firm's management of sustainability. The research focuses on societal value creation and related value creation processes at the Firm. Societal value creation is an ambiguous concept, and it does not have one standardized definition. It can be defined as the act of reducing negative externalities or increasing positive externalities on both social and environmental levels (e.g. cutting down emissions, removing detrimental products, developing cooperation with schools, improving working conditions...)

1. Context of the Firm

- How would you describe the Firm's overall sustainability strategy or procedures?
 - *e.g. why is sustainability necessary or what is it used for?*
- How do the sustainability strategy or procedures appear in Your work?

2. Current state

- What is the significance of societal value creation to the Firm?
- How is societal value creation managed or approached currently?
 - *if there exists a process or routine for this, how is it structured?*
 - *what actors or stakeholders are typically involved?*
 - *how is the performance of such value creation estimated or measured?*
- In Your opinion, what are the pros and cons of this current approach?

3. Overview of the future

- How do you think the Firm's sustainability strategy or procedures might develop in the future?
- How should the current approach to societal value creation be developed?
 - *e.g. so that it makes Your work easier or more effective in the future*

Appendix 2. Validation interview structure



1 (1)

Validation interview structure

The objective of this research is to systematize the Firm's management of sustainability. The research focuses on societal value creation and related value creation processes at the Firm. In this validation phase, the researcher will first present the suggested solution comprising of two parts: strategic guidelines and a logic model. Then, the interviewees shall evaluate the solution according to, for example, whether it is potentially usable in future decision-making.

1. Would You expect the **strategic guidelines** to be adopted in the Firm's sustainability strategy?

- A. Can be adopted as they are now
- B. May be adopted with moderate changes
- C. Cannot be adopted without fundamental changes

2. Would You expect the **logic model** to be adopted in the Firm's sustainability strategy?

- A. Can be adopted as it is now
- B. May be adopted with moderate changes
- C. Cannot be adopted without fundamental changes

3. Please elaborate Your opinions in terms of the following aspects.

- What changes would be required for the solution to be suitable?
- On which organizational level would You expect the solution to be most useful?
- On what time scale would You expect the solution to be implementable?

Appendix 3. Codebook

CODEBOOK

Code	Operationalization
A) Strategic management	
A1) Strategy	Long-term plan or objective which constrains all subsequent structures and processes of an organization (Hoskisson et al. 1999)
A2) Industrial organization economics	External focus i.e. firms must surpass their rivals within an industry and manipulate the competitive context (Hoskisson et al. 1999; Porter 1985)
A3) Resource-based view (RBV)	Internal focus i.e. competitive advantage stems from firm-specific resources and capabilities (Barney 1991)
A4) Stakeholder theory	Success results from satisfying internal and external stakeholders' needs and collaborating with them (Donaldson & Preston 1995)
A5) Institutional theory	Firm's activity is enabled and constrained by institutional forces e.g. legislation or public opinion (Thornton & Ocasio 2008)
A6) Strategic management systems	Viability of a strategy is monitored by quantified, diverse, and integrated indicators e.g. BSC (Kaplan & Norton 2007)
A7) Strategy-as-practice	During implementation, a formal strategy is altered through the emergent perceptions and activities of people (Jarzabkowski 2005)
B) Value and value creation	
B1) Value-in-exchange	Value is embedded in offering and is materialized immediately through transactions; value is simple and measurable (Vargo & Lusch 2004)
B2) Value-in-use/value-in-context	Value is extracted over time during the use of offering, determined by beneficiaries, and affected by contextual factors; value is abstract and multidimensional (Akaka et al. 2012)
B3) Firm as value creator	Firm is dominant in value creation and embeds value in its offering through its own value chain activities (Vargo & Lusch 2004)
B4) Firm as value facilitator/co-creator	Value creation is collaborative i.e. a firm can only support or jointly create value with beneficiaries (Grönroos & Voima 2013)
B5) Value creation as linear	Value accumulates along a linear value chain via value-adding activities e.g. manufacturing and distribution (Porter 1985)
B6) Value creation as non-linear	Value creation is interactive and contextual i.e. value creation processes can occur in any order (Grönroos & Voima 2013)
C) Corporate sustainability	
C1) Extended resource-based views	Activities and outcomes are enabled and constrained by environmental and social factors (Hart & Dowell 2011; Tate & Bals 2018)
C2) Triple bottom line (TBL)	Impacts of an organization are measured in financial, social, and environmental terms (Elkington 1998)
C2.1) Financial	E.g. firm revenue or taxes paid
C2.2) Social	E.g. employee wellbeing
C2.3) Environmental	E.g. CO ₂ emissions
C3) Externalities	Positive and negative spillover effects on society in addition to a firm's offering e.g. know-how or pollution (Mohammed 2013)
C4) Corporate social responsibility (CSR)	Firms have a moral obligation to contribute to the common good via all TBL aspects; compliance and image are prioritized over analytical justifications (Ashrafi et al. 2020; Dahlsrud 2006; Porter & Kramer 2011)
C5) Distributive justice	Conducting lose-win initiatives or otherwise redistributing wealth e.g. donating resources (de los Reyes et al. 2017; Wójcik 2016)
C6) Zero-sum dilemma	Interests of business and society are considered opposite e.g. "what is good for environment is not good for business" (Porter & Kramer 2006)
C7) Symbiotic relationship	Sustainable development requires corporate participation and firms need sustainable development to survive (Schaltegger et al. 2012)
C8) Sustainability reporting	Unidirectional communication of sustainability information to manage stakeholders' perceptions (Porter & Kramer 2011; Tate & Bals 2018)

CODEBOOK

Code	Operationalization
D) Creating shared value (CSV)	(Porter & Kramer 2011; own refinement of CSV)
D1) Adapt offering	E.g. products/services aiming to satisfy societal needs
D2) Transform supply chains	Far-reaching improvements e.g. in resource efficiency, transportation, employee productivity, supplier vitality...
D3) Develop local clusters	Local improvements e.g. in professional capabilities, degree of transaction costs, level of collaboration...
D4) Sustainability as a strategic element	Primary motive for sustainability is that it supports fulfilling business objectives e.g. increasing market share or supply chain resilience
D5) Analytical rigor	Initiatives are argued by measurable data, primary focus is on outcomes instead of inputs, and efficiency logic is applied i.e. achieved benefits are always related to respective costs (Wójcik 2016)
D6) "Bigger pie"	Instead of merely redistributing firm profits, the goal is to increase total wealth through win-win initiatives, e.g. investing in local workforce development
D7) Holistic solutions	Addressing root causes, e.g. removing pollution from a local reservoir instead of selling bottled water to people (Dembek et al. 2016)
D8) Communicative approach	Going beyond firm or management-centrism in favour of collaborating with stakeholders and negotiating transparently (Høvring 2017)
E) Sentiments	
E1) Positive	Satisfaction expressed with a given context e.g. Firm's strengths
E2) Negative	Dissatisfaction expressed with a given context e.g. Firm's weaknesses
E3) Aspiration	Desired elements in a given context e.g. call for a better process