Developing a Matrix for 'Designerly Way of Creating Shared Value' (DCSV): Four examples of CSV via perspectives of design

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Abstract

Today, while profit maximization is still the bedrock of the capitalist model, people have embraced the idea of social contribution as a useful strategy in businesses. In this recent movement, Creating Shared Value (CSV) strives for a win-win solution that creates both social and business value. While in its early stage, CSV is showing promise and potential; society is witnessing a paradigm shift from practices of corporate social responsibilities (CSR) to CSV which is more sustainable and effective approach. Since Porter and Kramer originally introduced the concept in 2011, CSV's application has expanded to many areas of business management, but it has not been discussed comprehensively in design research as of yet.

The title of this paper, "Designerly Way of Creating Shared Value" (DCSV) is inspired by Nigel Cross's famous book, *Designerly Way of Knowing* (2006). 'Designerly' is an adjective describing 'how' designers think and behave that is different from professionals in scientific disciplines. The aim of this paper is to propose a new matrix illustrating the link between creating shared value and design, and to systemically describe the existing examples of DCSV (Cross, 2016). The paper will begin with an introduction to the concept of CSV followed by a brief literature review on CSV in design research. The second part will focus on demonstrating the new DCSV matrix by illustrating the four examples that exemplify it.

Keywords: Creating Shared Value (CSV), Business & Social Innovation.

Introduction

Although the practice of CSV may have been around for a longer time, the theory of itself was first published and termed in 2011 by two business professors, Michael Porter and Mark Kramer, in an effort to increase the awareness of CSV's capabilities as a competitive business strategy (Porter & Kramer, 2011). CSR activities were conventionally organized to demonstrate a company's social contribution with its non- profit activities. CSV is a concept that evolved from CSR with an aim to create a single solution for both the society's and company's gain. In essence, CSV aligns the interest of the business and the needs of the ecosystem, society, in which it operators in.

Meanwhile, design as an "interdisciplinary discipline" (Cross, 2007, p. 46), has a long history of satisfying multiple stakeholders in one project by collaborating with other fields. Scholars have illustrated numerous cases where design played an imperative role

in developing a successful strategy in business (Liedtka & Ogilvie, 2011; Martin, 2009; Pink, 2006; Verganti, 2009). In addition, philanthropic values have been a common theme in design activities; there has been many design researchers discussing socially and ethically responsible designs (D'Anjou, 2009; Tromp et al., 2011; Wang, 2015). These examples highlight design's contribution in competitive strategy in businesses as well as philanthropic practices. This research is to build upon the tacit optimism in discovering ways of design's contribution to create shared value. This research was initiated by the curiosity of finding various situations where socially responsible design can also accomplishes economic success or where design finds profit-making businesses opportunities by doing socially good. If a business seeks for such an efficient solution and finds new business opportunities in a creative way, design not only can enhance the process of creating shared value, but also find new areas for innovation.

CSV is a term invented from the field of business rather than field of design. Moreover, there has been very little research done defining the coded knowledge to support designers who seek to create shared value. Therefore, while there is potential for further progress in this new field, currently a gap exists between CSV and design due to the lack of familiarity among designers; additional knowledge needs to be discovered in order to effectively incorporate the concept of CSV in design. The aim of this paper is to demonstrate a general framework of CSV that designers can refer to when researching or practicing design for creating shared value.

Literature Review: Existing design research on CSV

A vast amount of studies exists on social design, socially responsible innovation, design management, and design as marketing or business strategy. It is either society-centric value creation of design or business-centric value creation of design, but fails to satisfy both the needs of society and business. Since idea of CSV is still young and developing, direct connection of CSV in design research have yet to be made. This section explores few existing design studies that touch directly or indirectly upon the ideas of CSV.

In *Design Issues*, a design researcher, Thorpe raised a meaningful question around "Design's Role in Sustainable Consumption" (2010). The author's argument stems from design's long history of creating consumer products that cause many social problems.
The paper ponders upon issues on consumerism and ways that design can participate to cure the problems while simultaneously remaining as a marketing strategy.

In the *Design Management Review (DMI)*, Cooper and Koo, published case studies of product designs as a means of corporates' social responsibility. In the article, they also briefly point out Porter and Kramer's CSV as a further option of socially responsible product design (Cooper & Koo, 2011). Followed by the article in DMI, in 2016, Koo published an article, "The Role of Designers in Integrating Societal Value in the Product and Service Development Processes" at *International Journal of Design*. Koo again focused on discovering the main motivations and roles of designers' creating socially responsible product and service design (SRD) as source of corporates' social responsibility (Koo, 2016). Koo briefly identified the possible shared value result, as a notion of Porter and Kramer's CSV, by indicating creating SRD may accomplish economic profit.

On the other hand, Brand and Rocchi in "Rethinking Value in a Changing Landscape," that was published by Philips, underlines that design solutions that cure social problems are worth to look at for sustainable economic growth as opposed to conventional monetary-centered industrial developments (2011). In the paper, the two authors claim that social designs can widen the audience of design and business; thus social problems can actually become opportunities for both design and businesses.

Den Ouden in *Innovation Design* (2011) and *Advanced Design Methods* (2013) enlightened readers that there are four levels of perspectives and stakeholders to consider during the design process. She introduced idea of shared value in the language of design researcher. This is also one of the first direct indications to the terminology CSV in design research. Den Ouden not only explored challenges of satisfying more than two stakeholders in one design solution, but also elucidated benefits of shared values.

Limitation of Existing Research on CSV and Research Difficulties

Reviewing Porter and Kramer's CSV and existing design research on CSV in previous section, there are some limitations and research difficulties. First of all, there are very limited resources of design research on CSV. The common contribution of the six academic literatures was to enhance the awareness of shared value in the design community and introduce new design opportunities in shared value. However, most literatures neither show an actual design project organized to simultaneously create social and business value, nor discuss roles of design in CSV. The absence of design research in CSV may prove the need for additional study, but potential obstacles stand around the development of the topic.

Secondly, one difficulty may rise because the concept of CSV is rather at a developing stage compared to socially responsible design and business. CSV has evolved from CSR with an aim to fulfill both societal and business needs through a mutually beneficial solution. CSV is an important concept to bear in mind when an individual has to solve a social problem in an organization or to create a CSR activity. For example, most successful CSV solutions are created from re-organizing companies' existing systems or utilizing its most accessible resources. However, CSV cannot cover all social activities. Thus, CSV may not be the best derivative of CSR because of its constraints of having to create both social and business value (Crane et al., 2014).

Another obstacle comes from the challenge of incorporating CSV with design because it was originally made as business theory, not design. Therefore, in order to successfully merge the original objectives of CSV, beyond its application in design, the study also needs to prove it can deliver sustainable growth to business for it to be adopted.

Developing a Matrix for 'Designerly Way of Creating Shared Value' (DCSV Matrix)

In order to select relevant DCSV examples and interpret each case under perspectives of design, building a structured system is necessary. A matrix for 'designerly way of CSV (DCSV

Matrix)' Figure 2 provides twelve subgroups within the topic. There are four different types of CSVs, including CSR on the y-axis, and there are three categories of design on the x-axis. It total, the matrix produces twelve different types of DCSVs.

According to the background research on CSV, there are three levels of CSV with CSR activities categorized as level zero (Lee et al., 2014). While CSR fulfills social responsibilities, at CSV level 1 new business strategy enhances a product and market by reconceiving the existing one, at level 2, CSV improves productivity in company's existing value chain, and at final level, CSV enables development of the "entire cluster" (Porter & Kramer, 2011; Lee et al., 2014, p. 469).

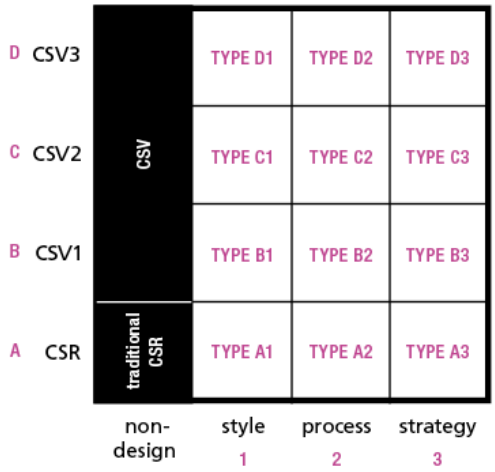


Figure 2: DCSV matrix: twelve types of designerly way of creating shared value

In the matrix, design is segmented into three different levels. First established by Danish Design Centre in 2003, The Design Ladder has been adapted by various design scholars including Brigitte Borja de Mozota and Cara Wrigley. Having set non-design value as level zero, the first level of design is focused on style and aesthetic value. At level two, design is described as process; at this level, design is seen as a method to develop rather an early stage for the end result, which will need multidisciplinary efforts to achieve.
Finally, step four is where design blossoms into a strategy and functions significantly towards innovation. At this level, design is intrinsically embedded into a company's core vision and development process by taking a role in creating tangible value (Kretzschmar, 2003, Mozota, 2006, Wrigley & Straker, 2015).

The categorization of CSV is very relevant to understand careful development of CSV according to its level of sophistication. Also, The Design Ladder fits well to describe contribution of design in each of cases of designerly way of CSVs, because this classification was built originally to illustrate various roles of design with an economic and business perspective.

Four DCSV Examples

Four examples of DCSVs are found from various sources mostly from desk research. The following narrative data was acquired from reviewing and analyzing the companies' website and other linked articles for their marketing purposes.

Example 1: A Furniture Company - Type C1 and D1

A globally successful furniture company developed a temporary online platform to form a sharing economy for the second-hand furniture market. The furniture company uses its website as online store of their own products to advertise the lists of second hand furniture items. The company launched a new space on its online platform to link the buyer and seller of the second-hand furniture. Moreover, it utilized internal design resources to restore the old furniture and advertise them for free through their own online sales channel. The company articulates and promotes products according to the advertising standards the company use for selling own products. The company not only facilitated the sales of second-hand furniture, but also contributed to waste reduction. This serves as a case where a free creative service translated into additional sales for its own furniture (https://vimeo.com/77769027).

Example 2: A Toy Company - Type C2

An globally renowned toy company designed a new packaging that is more durable, lighter in weight, and efficient in size. The package is developed not only to reduce production cost, but also lower the carbon emission during the distribution process, and save larger amounts of cardboards to "guarantee that trees will not be used at a greater rate than the forest can reproduce, that animal and planet life will be protected, and that forestry workers have fair working conditions" (https://www.lego.com/en- us/aboutus/responsibility/ourstories/smaller-boxes). It is a win-win strategy; the new solution enhances the company's profits by reducing manufacturing cost. Moreover, the new package design also serves an ethical purpose of benefiting the environment and forestry workers.

Example 3: A Jewelry Brand - Type b1

There is a start-up Jewellery brand, whose products are made from recycled bombshell brass in Cambodia. The brand creates elegant jewellery targeting for luxurious fashion industry, but aims to send an important message of the serious social problems caused from abandoned minefields in Cambodia. The Jewellery brand tries to imply subtly the importance of peace by referring to countless injuries and deaths of innocent local residents from uncontrolled landmines in the region. Moreover, the company contributes to society by manufacturing its products locally and hiring the local craftsmen. The purpose of its socially responsible campaign, main source of inspiration of the jewellery design, main product material, major source of company's profit, and the core story for the marketing are all intrinsically interrelated (https://emiandeve.com/category/materials/).

Example 4: A Smartphone Manufacturer - Type d2 and d3

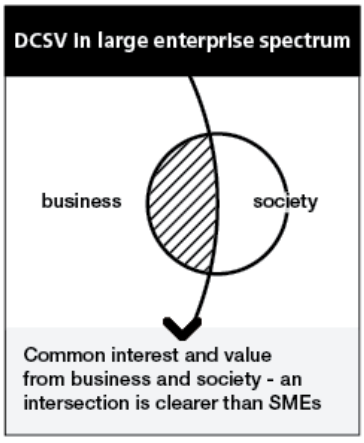
The motto of a start-up smartphone manufacturer is to create a more transparent business. It

designs smartphones that are long lasting, convenient to repair, and easy to reuse and recycle. Also, their business aims for social impact by increasing the awareness that illegal and dangerous smuggling occurs behind the scenes of making fancy mobile phones. A smartphone in general constitutes of 38 materials such as gold, iron, copper. These materials are often dug and processed from developing counties in Africa, and there are various social problems caused from the illegal trading between the local material producers and global distribution agencies. The founder started his innovative journey in hopes to alleviate this social issue. First, the company aims to create a good working environment for the company's employers and mine workers by acquiring necessary minerals for its product only from 'fair' trading. With the socially responsible purpose, it also designs phone that is aesthetically and functionally attractive for the users to persuade choosing the ethical and socially responsible products over other more popular smartphones in the market (https://www.fairphone.com/en/).

Discussion 1: DCSV examples from large enterprise vs. SMEs

First, it is necessary to clearly differentiate the characteristics of DCSVs from large enterprise and small and medium size enterprises (SME). Please note SME, according to European Union, a company with annual revenue less than 50 million Euros or fewer than 250 staff members (http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en).

The first two examples belong to global companies, IKEA and Lego. The last two examples are stories of two start-up companies, Emi & Eve and Fairphone, both of which were established in 2013. All four examples demonstrate clearly how DCSV works and how design is integrated into the process of creating shared values. However, there are few distinctive features that are unique from one group (DCSVs in large enterprise spectrum) from the other group (DCSVs in SME spectrum).



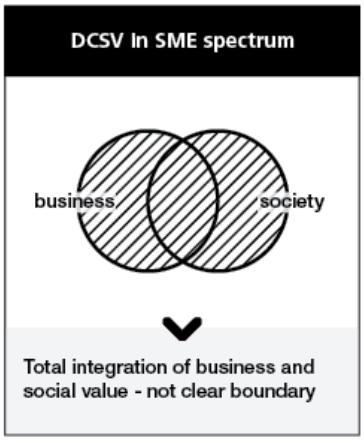


Figure 5 (left): DCSV in Large enterprise spectrum Figure 6 (right): DCSV in SME spectrum

DCSVs in the large enterprise spectrum often launched as temporary CSV activities as a

means of a marketing strategy or corporate's social duty. Furthermore, CSV solutions in large companies only partially influence the core value of the entire company because there are many other active programs in parallel, because of other obligations or interests to fulfill. On the other hand, for smaller companies like Emi & Eve and Fairphone, CSV solutions are rather permanent, and the interest of business and the society are completely aligned from the beginning; smaller organizations' core social mission and source of profit are more intrinsically related. For example, because Emi & Eve and Fairphone are start-ups that were planned and activated by philanthropic stimuli from the initial stage, the social and business value entirely overlap (figure 6). Meanwhile, the metaphor depicted in Vann Diagram (figure 5) shows how the interests of the company and the society meet only in the intersection. Although there are some different organizational traits, in both groups, whether the size of company is big or small, tackling social problems became a good motivation for creating innovative products, services and systems.

Discussion 2: Using DCSV matrix to understand the four examples (Figure 7)

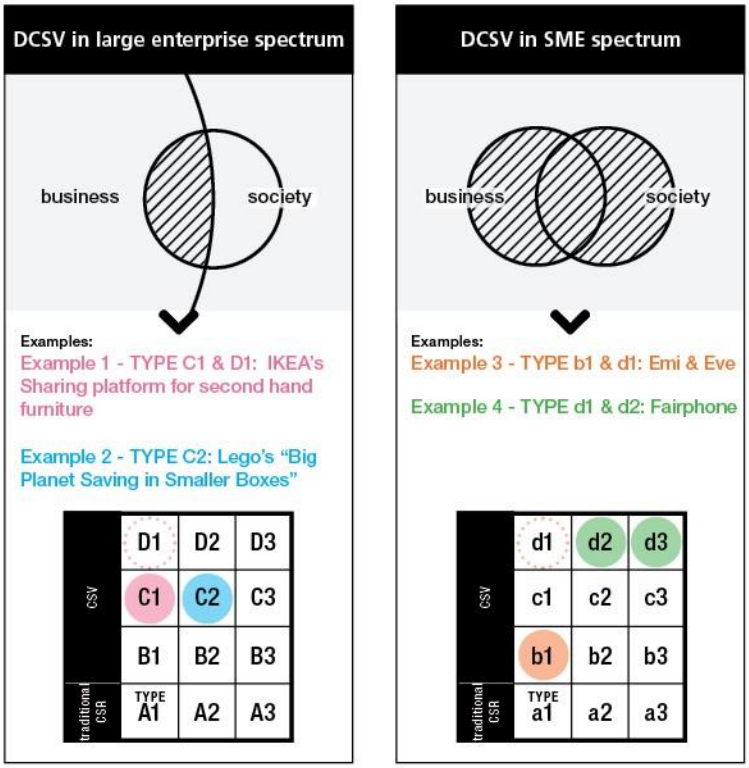


FIGURE 7: Mapping the four examples in the DCSV matrix

The first example describes IKEA's free eight-week-long eventful service. The story fits into C1 in the DCSV matrix. IKEA's sharing economy platform for second-hand furniture improves productivity from existing business operations. Conventionally, as a furniture manufacturer, selling non-profit making products through their online platform is counterintuitive it competes with its new products. However, IKEA found peoples' recurrent needs, selling and dealing with old furniture when prospective customers buying their new furniture. Therefore, such services increased the firm's revenue by adding extra

reason to visit the website and offering a convenient service for prospective buyers of IKEA furniture. Moreover, IKEA utilized their product design resource to polish the old furniture to increase their commercial value and professionally photographed and published on the website to properly advertise. To sum-up, design has stylistic and decorative role for creating shared value in the example one. Moving forward, IKEA's free platform lightly touches the CSV 3. If the service expands globally, it can initiate a cluster development because repairing and recycling old furniture can help not only cutting unnecessary waste, but also benefit the seller and the next owner of the old furniture.

The second example, Lego's "Big Planet Saving in Smaller Boxes" project satisfies two criteria for TYPE C2. In the section of the matrix, design appears as process, and level of CSV is to achieve improve efficiency in company's existing value chain. The new package design redefined the productivity in both economical and societal value system. Furthermore, the design took in a role during the process of developing new outcome to facilitate the company's ethical goal while the final end product, which is efficient packaging design, aesthetically and ergonomically considered. The role of design is clear and package design plays a pivotal role during the process of making the plan realized.

Applying the various criteria from the DCSV matrix, the heroine of the third example, Emi and Eve is a case of CSV 1, "reconceiving product and marketing" (Lee et al., 2014, p. 469) by raising a critical social issue in Cambodia and by increasing awareness of important human value. Moreover, the brand is starting to expand the CSV1 into CSV3. The company is at the early stage of planning for collective development for both the company and local community by employing local craftsman and by re-investing some of the profits for vocational training. Also, Emi and Eve is a good example of design as style where business is facilitated by stylistic and aesthetic power of design. Design plays a pivotal role during the process of launching the socially responsible business. All in all, a case of Emi & Eve situates b1 that starts to expand towards d1.

The final example is a story of type d2 and d3 in the DCSV matrix. Fairphone built new smartphone design and manufacturing system to solve the social problems caused during the procedure of illegal material trading. First, design plays a significant role of this example. Design is essentially embedded to the business during the process of innovating a new socially responsible business solution from the early stage; hence, the example satisfies the criteria for 'design as process.' Later, design becomes a pivotal business strategy that makes the business competitive in the extremely competitive smartphone market. Looking at the 'y-axis' of the matrix, Fairphone is based on CSV 3 model because the business aims for cluster development; it creates a business that cures the social problem and adopts the same problem as the competitive business strategy.

Conclusion

This paper introduced creating shared value (CSV) under the scope of design research. The research offers a new system that enhances the understanding of any other examples of CSV by categorizing CSV into four sub-levels and design into three sub-groups.
Moreover, the four DCSV examples demonstrate various roles of design in the facilitation of creating shared value.

Moreover, this study is only in its initial stage and requires further research area development. Various cases can be examined and interpreted through the DCSV matrix. Ideally understanding the components of the DCSV can help designers to plan systemically creating shared value. Accumulative data from more examples in the future with detail descriptions may extrude various facts such as common key success factors and additional design value creating levers.

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