



# Creating Shared Value in the Educational sector

The contributions of CSV to the Educational sector, through social impact organizations

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## Abstract

Many developing countries lack the financial resources to fulfill their basic educational needs. Consequently, individuals are unable to move out of poverty. The challenge lies in undertaking innovative and effective actions towards a substantial change while stimulating the Creating Shared Value (CSV) “which involves creating economic value in a way that also creates value for society” (Porter & Kramer, 2011, p. 4). Mexico is one of the affected countries by unequal educational opportunities. Additionally, the country experiences difficulty in coming up with improvements that can boost the investments that the government and private initiative have made in the education system.

This thesis aims to contribute to the development of the Creating Shared Value theory. This will be achieved by investigating two firms in the Mexican Educational sector through social impact organizations. Three objectives were proposed and categorized into: economic impact of the firm, social impact of the firm, educational development and firm strategy. This helps to answer the main research question: “*How can Creating Shared Value contribute to the Educational sector in a developing country through social impact organizations?*”. The purpose of this thesis was attained through a multiple-holistic case study strategy with two participant organizations (FINAE and EDUCAFIN) and data was collected by conducting semi-structured expert interviews. The thesis studies the different practices and strategies performed by the two organizations, and proves the benefits of applying the theories of Creating Shared Value. Moreover, it demonstrates that Creating Shared Value is strongly applicable within the Educational field in Mexico. Furthermore, the findings highlight a remarkable distinction between the organizations due to innovative business strategies and an extensive adaptability to the market. Moreover, both firms welcome win-win relationships between each one of them and the society. This leads to numerous benefits for both parties such as increasing revenues in the case of the organizations, and education development in the case of the Mexican community. In addition, our results suggest that Creating Shared Value is a novel topic because the investigated organizations were unable to identify the Creating Shared Value concepts in the activities they are currently performing.

**Key concepts:** Creating shared value, corporate social responsibility, education, social impact organizations

## Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Corporate Sustainability
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
GDP	Gross Domestic Product
GIIN	Global Impact Investment Network
IMF	International Monetary Fund
OCDE	Organization for Economic Co-operation and Development
SD	Sustainable Development
SEP	Ministry of Education in Mexico (Secretaría de Educación Pública)
SIO	Social Impact Organizations
UNESCO	United Nations Educational, Scientific and Cultural Organization
WBCSD	The World Business Council for Sustainable Development
WBO	The World Bank Organization
WCED	World Commission on Environment and Development

## Concept definitions

<b>Business Cluster</b>	“Geographic concentration of firms, related businesses, suppliers, service providers, and logistical infrastructure in a particular field” (Porter & Kramer, 2011, p. 12)
<b>Corporate Social Responsibility</b>	“The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (WBCSD, 2013)
<b>Creating Shared Value</b>	<p>“Shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.” (Porter &amp; Kramer, 2011, p.6)</p> <p>“Creating economic value in a way that also creates value for society by addressing its needs and challenges”. (Porter &amp; Kramer, 2011, p.4)</p>
<b>Developing country</b>	“A developing country is one in which the majority lives on far less money-with far fewer basic public services” (WBO, 2012)
<b>Education</b>	“Education is a fundamental human right and essential for the exercise of all other human rights. It promotes individual freedom and empowerment and yields important development benefits... Education is a powerful tool by which economically and socially marginalized adults and children can lift themselves out of poverty and participate fully as citizens.” (UNESCO, 2013)
<b>Impact investments</b>	“Impact investments aim to solve social or environmental challenges while generating financial profit” (GIIN, 2013)
<b>Social Entrepreneurship</b>	“The ability to combine social interests with business practices to effect social change.” (Pirson, 2012 p.34)
<b>Social Impact Organizations</b>	Organizations that generate a positive impact in the society, through their mission and core activities.
<b>Sustainability and sustainable development</b>	“The one that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED).

**TABLE OF CONTENTS**

Acknowledgements ..... I

Abstract..... II

Abbreviations ..... III

Concept definitions..... IV

1. Introduction ..... 1

    1.1 Research background ..... 1

    1.1 Research aim and objectives ..... 3

    1.2 Research question ..... 4

    1.3 Research focus ..... 4

    1.4 Research Limitations ..... 4

    1.5 Significance of the study..... 5

        1.6.1 Practical implications ..... 5

        1.6.2 Academic implications ..... 6

    1.6 Structure of the thesis ..... 6

2. Theoretical frame of reference ..... 8

    2.1 Historical Evolution from CSR into CSV..... 8

    2.2 CSV as a new solution for business and society ..... 10

        2.2.1 Shared Value and CSR..... 10

        2.2.2 Shared Value and Sustainability ..... 11

        2.2.3 CSV beyond CSR and Sustainability ..... 12

    2.3 Constraints in incorporating CSV to the business strategy..... 14

    2.4 Shared Value Perspectives ..... 15

    2.5 Incorporating CSV into the strategies of organizations ..... 16

        2.5.1 Method 1: Reconceiving products and markets ..... 18

        2.5.2 Method 2: Redefining productivity in the value chain..... 18

        2.5.3 Method 3: Enabling local cluster development..... 19

        2.5.4 CSV key Strategy Factors ..... 20

    2.6 Shared Value in Social Impact Organizations (SIO)..... 22

    2.7 Impact of CSV on society and economy..... 23

        2.7.1 Measurement of CSV impact ..... 23

2.8 CSV in Latin America .....	25
2.9 CSV in the Education Sector .....	26
2.9.1 Education circumstances from a global perspective .....	26
2.9.1 Current practices of SV within the Education Sector .....	27
2.10 Theoretical Framework of Reference recapitulation .....	28
3.11 Final remarks .....	28
3. Research Methodology.....	29
3.1 Introductory remarks.....	29
3.1.1 Research perspective .....	29
3.1.2 Research assumptions and motivations.....	30
3.1.3 Role of the researcher.....	30
3.2 Research design .....	30
3.2.1 Research philosophy .....	32
3.2.3 Research approach.....	33
3.2.4 Acquiring theoretical frame of reference.....	33
3.2.5 Research strategy.....	34
3.3 Data techniques and procedures .....	36
3.3.1 Data collection.....	36
3.3.2 Interview Procedure .....	39
3.3.3 Data analysis .....	43
3.4 Research data credibility.....	45
3.4.1 Credibility.....	45
3.4.2 Transferability .....	45
3.4.3 Dependability and Confirmability.....	45
3.5 Ethical considerations .....	46
4. Case Study.....	47
4.1 Education in Mexico .....	47
4.2 Case selection .....	48
4.2.1 FINAE .....	48
4.3 Coupling ‘organizations sample criteria’ and ‘organizations selection’ .....	50
5. Empirical findings .....	52

5.1 FINAE: Key Findings.....	53
5.1.1 Economic-First Perspective.....	54
5.1.2 Mission-Driven Perspective.....	54
5.1.3 Impact of Methods for Creating Shared Value .....	56
5.2 EDUCAFIN: Key Findings .....	57
5.2.1 Economic-First Perspective.....	59
5.2.2 Mission-Driven Perspective.....	59
5.2.3 Methods of Creating Shared Value .....	61
6. Analysis and Discussion.....	63
6.1 Presence of Creating Shared Value practices within FINAE and EDUCAFIN .....	63
6.2 Methods of Creating Shared Value by Social Impact Organizations with Orientation in the Education Sector .....	65
6.3 Creating Shared Value through social impact organizations in the Mexican Education Sector .....	68
7. Conclusion.....	69
7.1. Achievement of Objectives.....	69
7.2. Answering the Research Question.....	70
7.3. Recommendations to the Organizations .....	71
7.3.1 FINAE .....	71
7.3.2 EDUCAFIN.....	71
7.4. Research Obstacles and Success Factors .....	72
7.5. Direction for Further Research .....	73
References .....	74
Appendix I. Guideline questions .....	83
Appendix II. FINAE: Summary of Data from Interviews.....	84
Appendix III. EDUCAFIN: Summary of Data from Interviews.....	86



# 1. Introduction

This chapter is providing background information of the topic for the reader to become acquainted with the concept of CSV and its scope. The research aim and research questions of this thesis are outlined accordingly, and are being accompanied by a description of the research focus and significance of the study. These information supports the motives of the development of this thesis. Finally, the research disposition and existence limitations along the dissertation are depicted.



**Figure 1. Thesis structure. Introduction**  
(Developed by authors)

## 1.1 Research background

Over the last decades the business environment in developed countries has strongly embraced different ways of disseminating social and economic development in the location they are immersed in (Altman & Berman, 2011, p. 2). The philanthropy of successful corporations began to gather strength by the twentieth century. This mainstream had commenced to form part of the corporate structures. By the 1950's, some scholars started with the idea of 'Corporate Social Responsibility' (CSR), described as practices that businesses needed to carry out in order to be good to the community. Soon, the executives of corporations started to deeply discuss the topic and the implications that businesses needed to assume towards the society. This course was then followed by the introduction of 'Triple Bottom Line' (TBL) and 'Corporate Sustainability' (CS) exposed in by Elkington (1998), which encourage the organizations to adopt a pyramid structure in their business strategy, which comprised social, environmental and financial performance. Therefore, promoting social performance in a corporative way had begun to gain great importance thus far. (Altman & Berman, 2011, p. 2)

The strong efforts of the organizations for creating business cases regarding social care, are confirming a revolutionary way of doing business, and with it, creating projects. Currently, corporations use both, social benefits theory and practice to fulfill the requirements of environmental and social issues by rising up, at the same time, the financial aspects of the firms themselves (Salzmann, 2005, p. 27). However, most recently, a novel idea embedded in this area has emerged from more capitalist mind- sets: 'Creating Shared Value' (CSV) (Porter & Kramer, 2011). This theory has revolutionized the way in which society and corporate performance are intersecting (ibid). The idea is combining "traditional objectives with additional benefits for society" (Altman & Berman, 2011, p. 2). Or said by its initiators words, CSV "involves creating economic value in a way that also creates value for society by addressing its needs and challenges" (Porter & Kramer, 2011, p. 4). For such novel insights in this field, managers and entrepreneurs need to develop and possess new skills and knowledge (Bockstette & Stamp, 2011, p. 9). Moreover, to make the organizations scale up faster at the same time as the economic growth does, the literature

has encouraged the social entrepreneur world to be innovative in choosing Creating Shared Value within any sector, not just creating social benefit (Porter & Kramer, 2011, p. 6). However, many firms struggle in the way of implementing the CSV concept. In order to assist them, various elements should be considered such as firm's culture, context, and strategy (Pfitzer et al., 2013, p. 3).

Therefore, regarding business environment, the development of a firm is relatively dependent on the health and welfare of the community around it. A firm requires a successful community on its operating environment so as to create a demand for its products, and to provide a supportive environment and critical public assets (Porter & Kramer, 2011, p. 5; Pirson, 2012, pp. 35-37). The community also requires a successful firm to create wealth opportunities and provide jobs for its citizens (ibid). This shows that both the firm and the community around it are interdependent. Most policy makers and organizations do not recognize this relationship causing underdevelopment and waste of resources (Porter & Kramer, 2011, p. 4). Initially, firms were only interested in making profits while supporting employment, investments, purchases, wages and taxes without any consideration of the welfare of the community around the firm (Salzmann, 2004, pp. 28-29). Operation of a firm was a separate entity from the social issues of the surrounding community. Mostly firms engage in activities that will entice people to consume more and more of their products. When they fail on doing so, they alternate measures such as the relocation to other favorable areas, and restructuring of operations. The firms also engage in price competition with little innovation and no clear competitive advantage (Bertini & Gourville, 2009, p. 97).

In such a situation, the community insignificantly benefits even if the profits of the firm increases. The community perceives the increase in profits to come at their expense. This has significantly ascended in the current economic crisis, where risen revenues and profits insignificantly reduced social problems facing societies. Most managers in this firms struggle to satisfy the shareholders without taking the society into consideration. This creates a huge gap between the firms and the society, by negatively impacting the development of both parties (Porter & Kramer, 2011). Successful firms should put their interests into the communities. CSV theory recognizes the social needs, rather than focusing only on the economic needs to define markets. Shared Value recognizes that the competitiveness of a company is mutually dependent on the health of the companies, which are established around it. The ideology is focused on recognizing these connections and the associated societal and economic progress (Porter & Kramer, 2011). In the past, most firms have analyzed and implemented the strategy theory but have not looked into opportunities that strive to satisfy fundamental social needs of the community (Porter & Kramer, 2011, p. 4). Therefore, a debate about who is the one able to undermine this society problem arose. However, (Eccles, 2013) highlights the importance of bringing in the expertise of all the parties - i.e., government, for-profit organizations, and non-profit organizations- towards a social problem in order to solve it.

Altman and Berman (2011, p. 3) proposed that, "for-profit companies will only maximize the benefits they generate for society when they pursue investments that support a single bottom line of profitability in the long term". This means that when time horizons for investing in social fields have enough length, the social benefits will result automatically.

Therefore, by considering that education stands for a sufficient long time horizon to experience this benefits, Educational sector will be of great relevance for studying herein. Poor educational performance is one of the worldwide biggest barriers, preventing individuals from moving out of their poverty conditions (Fleet, 2012). This problem particularly occurs in developing countries (Fleet, 2012). The lack of financial resources and a disparity of its welfare distribution that these emergent countries experienced are the main factors for a widespread low educational standard within these communities. Researches indicate that people, who are living in poor economic conditions, mostly fail in achieving their educational potential (ESRC, 2011), impacting the social mobility of future generations negatively. This situation has severely impacted the development of many economies, where it is becoming more and more of great importance that government and private initiative undertake innovative and effective actions towards a substantial change. Within recent years CSV has developed to a theory that is discussed more and more within the academic society. Scholars have presented different perspectives mentioning the possibility of CSV to participate in any social progress; herein, the exploration endeavor is immense, e.g. food, education, or health need. Several examples have been discussed about some corporations within several sectors handling different social issues through CSV. Yet, the educational sector was barely touched, despite the urgent necessity of being boarded. According to Tallant (2013), “companies create shared value in education when they improve education and career outcomes while simultaneously enhancing competitiveness and increasing profitability”. If CSV is able to have better contribution than other social benefit theories, such as CSR or CS, improvements in education will generate a positive feedback-loop, which will most likely payback the investments that both the government and the private initiative have made (Porter & Kramer, 2011, p. 17).

## 1.1 Research aim and objectives

The general purpose of this dissertation is to contribute to the development of the CSV theory that is applied in the Educational sector through social impact organizations. Thus, this work seeks to enhance the understanding of strategies, which are improving the social problem regarding education in Mexico.

The aim of this study is stated as follows:

*“To explore how CSV can contribute to the Educational sector in a developing country through social impact organizations”.*

To address this aim, the research has three main objectives, illustrated in Table 1:

Theme	Objectives
<b>Economic and social impact of the firm</b>	<ul style="list-style-type: none"> <li>• To find through empirical evidence the economic and social effects caused by applying CSV theory within organizations that contribute to the Educational sector in a developing country.</li> </ul>
<b>Educational developments</b>	<ul style="list-style-type: none"> <li>• To identify and critically assess the main points of short-term and long-term social impact that the</li> </ul>

<b>Firm strategy</b>	<p>organizations are providing through their products and services to the Educational sector.</p> <ul style="list-style-type: none"> <li>· To identify and determine the way in which strategy incorporates all units of consideration for the creation of Shared Value within social impact organizations in the Educational sector</li> </ul>
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**Table 1. Description of research objectives**  
(Developed by authors)

## 1.2 Research question

From the previous information, this thesis aims to answer the following research question:

*“How can CSV contribute to the Educational sector in a developing country through social impact organizations?”*

## 1.3 Research focus

The focus of this dissertation is set on the educational sector and particularly on social impact organizations that operate student loans. Their business strategies, impacting societies while generating a healthy financial performance, are also in focus of this thesis. In comparison to other sectors, such as health or food industry, the social impact actions within the Educational sector can be stronger identified and determined, as they are generationally perpetuated. Moreover, we aim to focus on emergent markets, as their need of positive social impacts are higher than in any developed country (WBO, 2012). Likewise, organizations that are not located in the same nation, are excluded. Hence, the focus of this study relies on organizations set in the same country context, in order to create a favorable perspective for the research and for being able to identify and to discuss similarities between the case studies. Here, the focus is on Mexico because of the alignment of its characteristics with respect to the case study selection criteria.

As many theories are quiet similar to Shared Value we have set clear borders that are excluding the topics corporate governance, accountability processes, or assessment of the implications in financial performance. Moreover, we do not consider the valuation of whether the chosen firms are successful or not, and how to classify their success. Also excluded is the deliberation on whether the development of Mexico can change, or not as a consequence of these firms’ endeavors. More suitable is to highlight a perspective in which we draw attention to the promoted actions of these organizations that help generating social impact in the educational sector.

## 1.4 Research Limitations

This thesis will explore CSV practices within the educational sector in an emergent country through social impact investments. Therefore, here the achieved results will be, by no means, generalized for any other type of study or practices, neither in the same industry nor within the same context. In other words, we would like to offer the findings of this research as a mean of knowledge to learn from it. Furthermore, the research has considered

two key organizations for the development of the findings. Although this case selection can be questionable as limitative, these organizations are excellent illustrations of the studied phenomena due to their structure composition, scope and impact they are having in the Mexican community (more about the sample criteria is presented in Chapter 3). This study is conducted with qualitative methods, which usually imply a wide range of interpretation upon the phenomena studied (Saunders et al., 2012, p. 163). Therefore, the obtained results can be questionable due to this interpretation; yet, not to the fact of interpreting. Although, even if efforts of minimizing interpretative errors are critically undertaken, and credibility of the research is reviewed in every stage of the study, any other researcher may have a different opinion of the determined elements that are analyzed in this dissertation.

## 1.5 Significance of the study

As a consequence of a series of arguments described here below, we consider the CSV theory fairly innovative and highly requested for both society and businesses.

### 1.6.1 Practical implications

This study represents a significant endeavor in identifying and determining relevant aspects regarding the urgent educational needs of the Mexican society. At the same time, this work will be attractive for the corporate sector as it may provide ideas for adapting CSV towards their requirements so that financial benefits can be achieved. The interest of this research; the human, ethic, and professional effort; and the exploration of new and better solutions based on a novel socio-corporate theory, is a feasible alternative for this thesis to take place. The greater motives are based on a social population that suffers in satisfying their educational needs, and in a corporate population that undergoes the necessity of being capitalized while they help their communities (Pfizer et al., 2013, p. 4; OECD, 2010).

Moreover, the studied organizations will strongly benefit because of possible new corporate strategies arising with this thesis, which they can then employ effectively within their business settings. By grasping the educational needs of the people and the benefits on acquiring services that will create divergent solutions, these corporations can have good chances to achieve a competitive advantage (Román & Valencia, 2010 p. 8; Porter & Kramer, 2011, p. 6). Besides, the result of this dissertation invites organizations and educational institutions to recall their key success factors and weaknesses of their current business strategies. As a consequence, additional ways how executives can address the CSV approach -in pro to generate social impact- can be identified and refined. This means that innovation can be rechanneled, by leaving behind elderly managerial practices in order to welcome optimum social and financial performance differently.

Moreover, as students being partakers of being this research, we will gain knowledge in order to improve our skills, to be applied in our future careers. This study serves us, too, as a reference or guide on how we possibly can perform an effective and appropriate entrepreneurship, based on caring for both aspects at the same time: social- and business factors. By doing so, important is to consider both, the weaknesses and strengths of the research as well as the research findings. Likewise, both of us are aiming to be specialized

in social entrepreneurship; one of us specifically in the educational sector, which reinforce then the significance of this study.

### 1.6.2 Academic implications

This research can be supportive for academics as well as executives in a way that it will provide new insights regarding the methods in which society and business can jointly improve their outcomes. A lack of understanding in the theoretical and practical perspective of the linkage amongst capitalism and social benefits is constantly misunderstood in the academia arena (Salzmann et al., 2005, p. 27). Several authors, such as Elkington (1998), WCED (19879), Eccles (2010), define in different ways some of the key concepts around the social impact subject, such as Corporate Social Responsibility (CSR), Corporate Sustainability (CS), or Triple Bottom Line (TBL), to mention some. As a result, a deceleration of the real progress upon the acknowledged problem of tackling the societal needs, appear in scene. Therefore, this study will also help scholars to have a deeper grasp of what CSV theory is, its scope, and its applicability. Thereafter, innovative ways of tackling societal problems with inspiring solutions for managers will arise. Additionally, due to its novelty, this research provides a fundament to continue with further researches in the field of CSV.

## 1.6 Structure of the thesis

In order to answer the given research questions, this thesis is divided into seven chapters. Additionally, one section of references, and three appendixes are offered at the ending of the dissertation.



**Figure 2. General thesis structure**  
(Developed by authors)

### Chapter 1. Introduction

This chapter is providing background information of the topic for the reader to become acquainted with the concept of CSV and its scope. The research aim and research questions of this thesis are outlined accordingly, and are being accompanied by a description of the research focus and significance of the study. These information supports the motives of the development of this thesis. Finally, the research disposition and existence limitations along the dissertation are depicted.

### Chapter 2. Theoretical frame of reference

This chapter will critically review the literature of CSV with focus on business strategies of social enterprises that are doing impact investments in the educational sector. The chapter aims to provide a vast explanation of the topic to the reader in order to support him understanding the concept of CSV and its scope. The chapter starts by outlining the theoretical dimensions of the research by looking at the historical references from Corporate Social Responsibility (CSR) and Sustainability to introduce the concept of CSV. Furthermore, information regarding the different approaches and perspectives of CSV

within organizations will be used as a vehicle to analyze the business strategies of social impact organizations. Moreover, information regarding CSV theory applied in Latin America will be depicted, to thereof finalize with a wide description on how education as a social right is being affected by CSV.

### **Chapter 3. Research methodology**

This chapter attempts to explain the chosen research methodology for this thesis in order to answer the developed research question. It illustrates how to systematically conduct the current investigation by presenting the research design, the data techniques and procedures (methods for collecting and processing primary data), research data credibility, and ethical considerations.

### **Chapter 4. Case Study**

This chapter attempts to provide an overview of the context in which the case studies are embedded. Moreover, economic facts as well as educational statistics of the selected country from which the case studies are taken, aim to be presented as evidence that depicts a substantial problem affecting the educational sector. This helps to contextualize the reality in which this thesis has been developed. Furthermore, two holistic case studies, presenting two different organizations immersed in the Educational and Financial sector, will be presented. The ‘Case study’ chapter also attempts to offer information that serves as the application of the decisions explained in the ‘Data collection’ section of the ‘Methodology’ chapter.

### **Chapter 5. Empirical findings**

The purpose of this chapter is to present the empirical information of this study within the Educational sector that has been gathered through expert interviews with senior executives of both cases. This will be done with the help of the ‘display and analysis’ data collection technique.

### **Chapter 6. Analysis and discussion**

In this chapter, information about how the organizations’ business strategies can serve as a tool for adopting CSV to solve educational problems in Mexico will be developed, with a presentation of the similarities, differences and remarks of the findings. The discussion will focus on the following three main concepts: ‘the perspectives of CSV’, ‘the building blocks for CSV’, ‘the three ways to create Shared Value: reconceiving product, redefining productivity in the value chain, and enabling cluster development’.

### **Chapter 7. Conclusion**

In the conclusion, the key findings as well as the implications of the research are revealed, showing the ways in which implemented business strategies in social organizations allow CSV to permeate in the educational sector in Mexico. Conclusions are always verified under consideration of the theoretical framework. Moreover, recommendations for the participating organizations will be presented. To conclude, limitations towards this research as well as recommendations for possible further researches will be shown.

## 2. Theoretical frame of reference

This study looks at the historical references from Corporate Social Responsibility (CSR) and Sustainability to introduce the concept of CSV. Furthermore, information regarding the different methods and perspectives of CSV within the organizations will be used as a vehicle to analyze the business strategies of social impact organizations.



**Figure 3. Thesis structure. Theoretical frame of reference**  
(Developed by authors)

### 2.1 Historical Evolution from CSR into CSV

During the last years, organizations have been pushed by societies and government policies to be more fair and transparent in their businesses, to increase competition and avoid the risks of damaging the organizations' reputation (van Marrewijk, 2003, p. 95). Organizations undergo challenges through the pillars of the Triple Bottom Line: people, planet and profit (Goldsworthy, 2000, p. 5). According to Barnett (2007, p. 796) these three pillars are considered in Corporate Social Responsibility (CSR) and they generate benefits to the society.

The World Business Council for Sustainable Development (2012, cited in Saxena & Kohli, p. 40) defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. Previous research tried to establish the links between CSR and financial performance of the firms (McWilliams, 2006, p. 3). However, there was no consistency in the results of the different researches because it is difficult to indicate if an amount of investment in social wellbeing returns the same amount in profit for the shareholder (Barnett, 2007, p. 797). Nevertheless, it is also said that CSR acts beyond the interests of the companies, and therefore it creates no value for the shareholders or the company itself (McWilliams, 2006, p. 3). This thought leads to the question of whether organizations should invest in CSR instead of other business activities that increase the returns of the shareholders.

CSR is known worldwide by management, as it provides strategic ideas to connect the accomplishment of stakeholder needs and the compliance with social responsibility (Clarkson, 1995, p. 112). Additionally, CSR allows organizations to constraint their scope by allowing them to focus on a selection of problems faced by societies (ibid). The main reasons behind managers' interest in engaging in CSR are grounded in pure strategy and moral foundations (Porter & Kramer, 2011, p. 16). Also seen from a parallel perspective, CSR consists of the practices undertaken by companies to become socially and environmentally sustainable ahead of their legal responsibilities (Bosch-Badia et al., 2013, p. 12), while it is also considered a foundation of competitive advantage sustained by CSR becoming a proactive strategy and a marketing tool (Lin et al., 2009, p. 56). Furthermore, Bosch-Badia et al. (2013, p. 13) add that at the beginning CSR was a collateral activity in

businesses, and it has now been included as part of the strategy of corporations. Recent studies demonstrate a focus on viewing social responsibility from the above-mentioned strategic position, with the purpose of achieving valuable social impacts while increasing the organizations' competitiveness (Porter & Kramer, 2006, p. 8). This statement was the first attempt of Porter and Kramer (ibid) of introducing the concept of Creating Shared Value (CSV).

Nevertheless, it was until 2011 when Porter and Kramer (2011) officially introduced the concept with their paper "The big idea: Creating Shared Value". In this article, Porter and Kramer, define Creating Shared Value (CSV) as "creating economic value in a way that also creates value for society by addressing its needs and challenges" (Porter & Kramer, 2011, p. 4). Shared Value (SV) is explained as not being Corporate Social Responsibility (CSR), nor philanthropy or sustainability; but instead, it is a modern manner to achieve success in regards to economy terms (Porter & Kramer, 2011, p. 1). This modern manner can be explained as a long run operation, as according to Bosch-Badia et al. (2013, p. 12), Shared Value directs businesses to a more sustainable and stronger value chain.

When addressing 'sustainability' in business terms it is important to explain as well the origins of organizations that are considered sustainable, which started with the analysis of the following statement: "There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase profits" (Milton Friedman, 1970,). Maltz and Schein (2012, p. 57) assume that with this statement from Friedman managers clearly understood the real meaning of value creation for shareholders. Therefore, the scholars Lazlo and Zhexembayeva (2012, cited in Maltz & Schein, 2012, p. 57) clarified that the focus was placed on producing better services and goods at lower costs and a faster pace, yet there was no attention towards the impacts of their businesses on society. Friedman's statement and the consecutive ways of behaving of businesses brought the attention of scholars and international organizations, generating discussions that thereafter led to a better understanding of the roles of businesses in society. The Brundtland Commission of the United Nations provided in 1987 a definition of sustainability and sustainable development as "the one that meets the needs of the present without compromising the ability of future generations to meet their own needs" (The World Bank Group, 2001). A different study developed by Sharma (2003) expressed that for organizations, the definition of sustainability implied a challenge to simultaneously improve human and social welfare at the same time, while minimizing their ecological impact and ensuring the effective achievement of organizational objectives (Linnenluecke & Griffiths, 2010, p. 358). Hence, it can be implied that CSV represents the integration of human and social welfare improvement.

After CSV theory was introduced in 2011, new literature in this field has been arising. In some of the literature, many critics can be found comparing CSV with CSR, as in some opinions CSV is not the evolution of CSR but just a new name. Therefore, the novelty of CSV needs to be explored deeply besides just comparing it with CSR and the contributions that it could bring to the current corporate business world.

## 2.2 CSV as a new solution for business and society

According to Porter and Kramer (2011), Shared Value “can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011, p. 6). Many organizations, within the ‘multinational companies’ category, such as Nestlé, IBM and Walmart (Porter & Kramer, 2011, p. 4), are already supporting CSV theory and making the efforts to implement it as part of their business strategies. International organizations are also acknowledging CSV as an essential way to conduct business, such as the Inter-American Development bank who has given out its own definition of CSV by explaining that organizations create Shared Value by addressing social and economic problems, benefiting their employees while generating more competition for the organization (IDB, 2013). Furthermore, the IDB is already supporting companies, including their members, to identify opportunities of investment that add social value in communities and increase competitiveness (IDB, 2013).

Conversely, some antagonist opinions can be found in regards to the novelty of SV. Some scholars say that is not new that companies can benefit by doing good to society while improving the profits of the firm. For instance, Elkington (1998) introduced the concept of ‘triple bottom line’ (TBL) –composed by people, planet and profit-. TBL has existed over the years in conjunction with CSR and sustainability (Lohr, 2011). Furthermore, Jed Emerson (2011, cited in *The Economist*), with his concept of ‘blended value’ makes a comparison to CSV by supporting the objective of this theory “in which firms seek simultaneously to pursue profit, and social and environmental targets” (ibid).

### 2.2.1 Shared Value and CSR

According to the academia field, a resistance from management has been expressed in certain companies in opposition to CSR as they consider it an investment that is not consistent with the companies’ efforts to maximize their profits. This opposition has encouraged researchers to analyze the correlation between CSR and financial performance (Lin et al., 2009, p. 56). These findings suggest that CSR has been put in a place to focus on the financial performance of the organization and not on the value. Therefore, if this approach is connected to the fact that “the more business has begun to embrace corporate responsibility, the more it has been blamed for society’s failures” (Porter & Kramer, p. 4), it could be said that CSR does not fully comply with the society needs. This is the main problem within the companies, since they keep on viewing value creation narrowly when financial performance is been optimized in the short-term (ibid). Similarly for these companies, CSR means a reduction of profits for the sake of an environmental or social environmental end. (Bosch-Badia et al., 2013, p. 13). This mindset omits the most important customer needs and misses the real endeavor that determines the success of the firm in the long-term, which is caring about the surrounding ambience in which it is embedded (Porter & Kramer, 2011, p. 4). Moreover, by having this mindset, it could also be said that, stakeholders’ interests are being ignored, because according to Székely and Knirsch (2005), it is important to deeply consider the stakeholders’ rights and not only the investors’ financial interests developed on the short-term.

Furthermore, scholars have argued that CSR has not proved itself in businesses of the current century because it lacks criteria of differentiation for businesses to follow this theory (Szmigin & Rutherford, 2013, p. 171). However, if a CSR policy could take into account stakeholder requirements, it could add competitive advantage to the corporations (Bosch-Badia et al., 2013, p. 12).

Therefore, it can be said that CSR seems to have many criticisms, and although there is literature that supports CSR as convenient per se for businesses, it has been found that SV provides a greater benefit to organizations, society and the environment. For example, it is said that creating SV should take over from CSR in “guiding the investments of companies in their communities” (Porter & Kramer, 2011, p. 16). Porter and Kramer (ibid) also explain that CSR programs are centered on the reputation of companies, which is a weak strategy that is not generating further major results to the organizations themselves. Consequently, the programs cannot be justified and maintained for long. The authors clarify that the contrast between CSR and SV is that the latter becomes integral with the company’s profitability and competitive position. With the purpose of providing a clearer description of the contrast between CSR and Shared Value, the Table 2 illustrates the main characteristics defined by Porter and Kramer (2011, p. 16).

Features	CSR	Shared Value
<b>Values</b>	Doing good	Economic and societal benefits relative to cost
<b>Formation</b>	Citizenship, philanthropy, sustainability	Joint company and community value creation
<b>Motives</b>	Discretionary or in response to external pressure	Integral to competing
<b>Profit maximization</b>	Separate from profit maximization	Integral to profit maximization
<b>Agenda</b>	Determined by external reporting and personal references	Company specific and internally generated
<b>Budget</b>	Impact limited by corporate footprint and CSR budget	Realigns the entire company budget

**Table 2. Shared Value and CSR**

*Source:* Adapted (Porter & Kramer, 2001, p. 6)

Further analysis and research could be performed regarding the contrast between CSR and SV and the application of both theories in the current business world. However, since the aim of this research is to study Shared Value and its contribution to the education sector, there is an invitation to pursue additional studies in the comparison of the two concepts.

### 2.2.2 Shared Value and Sustainability

Corporate Sustainability (CS) a concept used for sustainability itself within the business world, which itself was manipulated over time by public, political and academic influences (Linnenluecke & Griffiths, 2010, p. 357). Linnenluecke and Griffiths (2010, p. 358) also suggest that the pathway for adopting CS principle goes through embracing a sustainability-oriented organizational culture. Furthermore, they confirm that there is a limited insight into how the practices of CS can be adopted within the organizations (ibid).

Saxena and Kholi (2012, p. 40) indicate that sustainability integrates every dimension of business with the social, economic and natural environment for prolonged existence. The contemporary emphasis on sustainability brings to the front various issues such as fair trade, energy conservation, recycling, responsible employment practices and the natural resources perpetuation (De Clercq & Voronov, 2011). While the concept of sustainability describes a property of the system of nature and people, efforts to accomplish sustainability has arisen questions about how this concept could be significantly interpreted for enterprises. “Here an enterprise is understood as a formal organization that operates through earned income”. (Parrish, 2010, p. 512). The answer could be obtained from Porter and Kramer (2011, p. 5), who provide examples of enterprises to explain that a SV perspective increases sustainability by improving operational techniques or by strengthening a cluster. This statement will be used as the theory, which stands that SV contributes to sustainability, and the supporting of this statement will be reflected throughout the theoretical framework by explaining how SV involves the sustainability dimensions of society, natural resources and environment.

### 2.2.3 CSV beyond CSR and Sustainability

On the one hand, Eccles and Serafeim (2013, p. 52) provide an integration of SV with sustainability when they explain that in order to last, a corporate sustainability strategy must address the interests of all stakeholders, employees, investors, clients, governments and the society. In addition, this argument is supported by Schmitt and Renken (2012, p. 80) who state that environmental sustainability has been considered already as an important leader of organizational innovation, in contrast to social sustainability embedded into the value creation process, which has hardly been explored. However, it is argued that the concept of CSV from Porter and Kramer (2011) has “reduced sustainability to resource efficiency” (Elkington, 2012). This idea is supported under the fact that today’s model of economy is frequently leaning more towards favoring financial, intellectual and physical capital forms, more than the social, human and natural ones (ibid). Thus far, there is no evidence of literature against Sustainability, given that even Kramer (2012) bet over this concept by mentioning that CS and SV have different agendas of action, and both can satisfy the social needs by raising up in a different way the financial performance, which implies that both theories are mutually supportive. United to this, Kramer (2012) explains that the CSV proposal focuses on the impact scale and innovation degrees that organizations apply to the needs of society, rooted in a company-specific agenda.

On the other hand, concerning CSR, scholars indicate that this field focuses more its attention on activities that strengthen public relations, disregarding long-term impact on society (Schmitt & Renken, 2012, p. 80), and withholding any insights into practical application of the CSR concepts that are meant to generate this impact. Although Bosch-Badia et al. (2013, p. 13) confirm that CSR is evolving; literature is still confirming that CSR stands more for the image of the companies. CSR results in greater social output, although probably in lower social profits for the firm (Husted & Salazar, 2006, p. 87). In order to avoid that, Husted and Salazar (ibid) suggest that a strategic approach is applied instead of a social approach, where “incentives will be aligned so that the firm will be motivated to improve its social performance and increase its social output” (ibid).

If literature is further analyzed, more theories that merge properties of CSV, CSR and sustainability could be found. For instance, Saxena and Kholi (2012 p. 42) indicate that sustainability creates value for employers and consumers of a firm by integrating every area of business with the social, cultural, economic and natural environment for longevity, where internal and external stakeholders have been considered as the two main dimensions of CSR. It can hereby be noticed that the concept of sustainability intends to involve the creation of value. Killian et al. (2012) support this idea by explaining that greater SV is created when socio-economic or environmental issues are incorporated into the company's strategy. Overall, these three concepts imply working for the benefit of internal and external stakeholders, and involve the main development targets of the organizations: social, economic and environmental. Therefore, from these instances it can be said that CSV is a definite step forward within corporations' strategies, considering Elkington's new idea that organizations must comply with an alignment of social and commercial objectives, so that profitable opportunities are found and met with scalable solutions to the global challenges (Elkington, 2012; Parrish, 2010, p. 512). But for this to be successful, the CSV strategy must be based on strong organizational values (Schmitt & Renken, 2012, p. 81), which should be part of the organizational strategy. This organizational strategy must imperatively include innovation as a competitive advantage, including business models, development of products, distribution channels and management setups (Vaidyanathan & Scott, 2012, p. 111).

Nevertheless, not every societal problem can be solved via CSV solutions, yet CSV only allows organizations to make use of their resources and managerial capabilities to drive the progress of society, generating results that the government and non-profit organizations have rarely produced (Bosch-Badia et al., 2013, p. 12). Some scholars even critique that the view depicted by Porter and Kramer (2011) is limited to the business impact on communities at a local level (Taarup, 2011), which rises the doubt on whether the concept of CSV is so important that should bring strong focus to scalable solutions for societies, or if it is fine to start concentrating the attention on communities. Perhaps, Porter and Kramer (2011) would have enriched more the understanding of CSV if they have addressed the success of CSV at different levels regarding the dimension of the organizations. Moreover, due to its outset in 2011, the concept of CSV is valued as novel; therefore, more studies still need to validate it. Maltz and Schein (2012, p. 72), besides consider the concept as still being 'in its infancy' stage, they have also developed research on how CSV is applied in multinational corporate levels, and they have accepted that neither them nor the existent literature upon CSV is focusing on small firms. Porter and Kramer (2011) demonstrate exactly the same approach while unleashing CSV theory in 2011 by providing examples of the undertaken actions that multinationals companies carried out. This helps on illustrating what these organizations are currently doing in order to create Shared Value. This supports the above explained situation about the focus being put on small firms, as these firms are also considered part of the society and their impact through CSV practices could be stronger. Furthermore, the examples set by Porter and Kramer (2011), which focused on multinationals also lack information on how society can benefit from small organizations, arising a need of further research served to provide a holistic view of the benefits of CSV involved in any size that a firm can possess.

Porter and Kramer (2011, p. 6) also introduce the impact of CSV on capitalism by explaining that in the traditional one, business configures the value chain, which generates profits and supports wages, employments, investments, and taxes; it is also the end-up of a contribution to society. “Capitalism is essentially the investment of money in the expectation of making a profit, and huge profits could be made at some considerable risk by long-distance trading ventures of this kind” (Fulcher, 2004, p. 23). Concurrently, it is a method for generating jobs, building wealth and meeting the needs of the society (Porter & Kramer, 2011, p. 4). However, today’s capitalism fails to value the natural and human resources that help it in obtaining profit (Kramer, 2012), while overlooking at the opportunities to meet the societal needs. “Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues faced (Porter & Kramer, 2011, p. 4). Yet, again, critics do not support CSV as a solution to the problems of capitalism, as some scholars say that CSV does not even solve the current reputation issues the companies are affected with. Therefore, it becomes less reliable the ability of CSV in tackling the major problem of capitalism (Denning, 2011), considering that the private sector is experiencing less returns on capital and assets every day, as the “life expectancy of firms is steadily declining”.

However, literature make a noticeable effort to exemplify the potential that CSV has on changing capitalism perspectives, not just by generating profits, but also by creating value that leads to a growth in the economies. Porter and Kramer (2011, p.6) propose an idea that deserves further attention: a business needs flourishing communities, not only to have product demand but also to “provide critical public assets and a supportive environment” (ibid). However, capitalism could also be the generator of challenges (Elkington, 2012) that contribute to the problems in the society and the environment. Yet, Denning (2011), reinforces that what is really needed is not just an alteration to ‘shareholder capitalism’, but to “include the shared values of both business and societal stakeholders and find more profit opportunities in socially worthwhile goals, or fine-tuning value chains that operate from an inside-out perspective while ‘parsing and manufacturing demand’” (Denning, 2011). In other words, Denning (2011) proposes that the goal is to satisfy customers, and from that point, the value chains and product designs should be redirected. Then, real shared value will be created.

Elkington (2012) considers that if SV generates value in the long-term, it must consider that capitalism is not a process of benevolence, and it could also be involved in destroying natural resources. On the contrary, it can be said that it is the existing narrow conception of capitalism that prevents organizations to solve the society’s problems. (Porter & Kramer, 2011, p. 4) Nevertheless, there is more support needed for CSV to be considered the solution to the problems of capitalism. This system involves many factors that need to be analyzed separately and with the different CSV approaches.

### **2.3 Constraints in incorporating CSV to the business strategy**

The creators of CSV bring out the three main difficulties why incorporating CSV to the business strategy can become difficult (Porter & Kramer, 2011). The first one is the neoclassical thinking that states that while applying CSV in any area within an organization with the purpose of improving society, it can lead to profit reduction or

incremental costs (Porter & Kramer, 2011, p. 7). This mindset leads to a lack of interest or motivation in the management representatives towards applying CSV strategies in their organizations. The second constraint refers to the traditional mindset of leaving the responsibility of solving social problems to the governments and the NGOs (Porter & Kramer, 2011, p. 7). Even when CSR programs have emerged with the intention to solve those problems, they are seen as a cost, and are carried out mainly to improve organizations' reputations. This mindset problems has been present for decades, situation confirmed by Friedman (1970) by saying that it is used to blame governments as the responsible party to collect taxes and determine the social purposes to spend those taxes, such as pollution control or unemployment alleviation. The third constrain is the one that any manager face when trying to apply SV practices in the short run, where there is pressure from the capital markets for obtaining profits (Bosch-Badia et al., 2013, p. 12). In order to gear this situation, management leaders need to change their understanding about risk management and contribution towards SV (Smith, 2011), as it is needed to increase intellectual capital within the organizations in terms of SV approaches. This will generate an adding value with respect to any other given organization and will strengthen their markets on a long run. It also means that the focus on profits can be shifted by improved risk management knowledge and practices.

Nevertheless, Porter & Kramer (2011) try to convince that addressing the social issues leads to finding innovative solutions for the latter constraints, such as new technologies, procedures, and management, which not only solve the big societal problems, but also improves the organization's productivity, widens its market, and strengthens its reputation (Porter & Kramer, 2011, p. 5). These features are the top benefits enlisted that CSV can generate.

## 2.4 Shared Value Perspectives

The scholars Maltz and Schein (2012, p. 65) performed a research on the Shared Value initiatives carried out within multinational companies. Through their research, they analyze several factors that need to be considered to have positive impacts on the society and on the organizations through CSV. These authors have added to the CSV theory, from the original one, a new dimension to consider in regards to the perspectives of the benefits of CSV. The two perspectives are depicted as follow:

- a. Economics-first perspective:  
In this perspective, economics are the prime driver of the organizations, yet they also incorporate social considerations in their financial interests but not as the main focus. However, the emphasis of the organizations under this perspective is, even when considering societal aspects, to be able to measure the financial results of an organization. Therefore, leaders of firms following this perspective tend to focus on short-term results with visible profitability.
- b. Mission-driven perspective:  
This perspective applies to organizations with ethics based on sustainability since their foundation. Although the organizations expect financial results, their leaders

are open to discuss the downsides of economic performance in the short-run, which are not considered as negative for the organization on the long run.

According to the above proposal, both perspectives have an interest in creating Shared Value. However, organizations concerning the 'Economics-first perspective' are the ones facing the first constraint proposed by Porter & Kramer (2011) –section 3.3- in regards to obtaining profits in the short run (Porter & Kramer, 2011, p. 7). Nevertheless, the CSV initiators propose three methods –explained in the next sections- that allow organizations to look into their strategies and identify profit in the short and long run. As a result, managers can benefit in arriving to acknowledge possible changes that can be applied to their management styles, in order to be able to constantly care for their impact in society and not merely in financial performance (ibid).

## 2.5 Incorporating CSV into the strategies of organizations

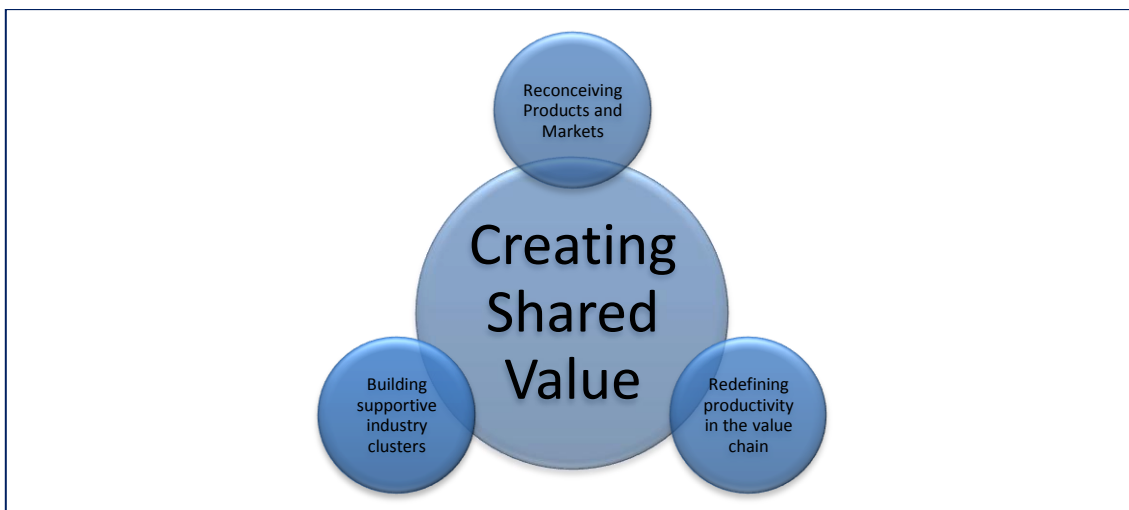
A business strategy is a long-term plan intended to accomplish a certain objective or set of objectives (Mizik & Jacobson, 2003, p. 64). It can be described as the management's game plan for reinforcing the performance of the organization. It describes the overall capacity and direction of an enterprise and the way in which its different business operations function together to attain organizational goals (ibid). Business strategies entail vigilant, analytic computation and choice, which depends on the availability of reliable information. It also hinges on the assumption that most cognitive restrictions on the part of the organization are of little significance (Shleifer & Vishny, 2008, p. 56).

CSV proposes an innovative set of practices that is highly suggested to the organizations to embrace it within their strategies, i.e., the transformation of the value chain. Moreover, CSV enables the organizations to meet several needs, such as generating strategies with new products to offer, new markets to serve, and innovative options in their value chain. These factors will offer a more sustainable and conventional cost and quality improvement (Porter & Kramer, 2011, p. 15). However, some critics arise from several managers who are not convinced that strategies influenced by CSV practices generate sustainability for the business. In order to tackle this managerial perspective problem, Székely and Knirsch (2005, p. 628) suggest that organizations should measure the degree in which their performances increase as a result of the adhered practices. Furthermore, other practices for implementing SV initiatives into the business strategy of any organization consist on making a thorough revision of their mission, vision and values.

In addition, a report from the Global Compact Initiative (2005, cited in Székely & Knirsch, p. 629) proposes several factors that in management as well as in social and environmental issues can contribute to create value for shareholders. As a result, a sustainable approach has been created, which makes it suitable when applying a SV approach. These factors are divided into internal and external classification. On the one hand, the internal category considers managerial and economic factors. Throughout the managerial factors are elements enlisted that care for organizational decision-making, such as risk management and employee safety, and operational factors, i.e., energy efficiency and operating license. Regarding the second factor, the economic one, new market opportunities and cost savings are elements to be attributable to the financial decision-making process of the

organizations. On the other hand, the external factors include market factors, government factors, and stakeholder's expectations.

By examining both factors, it leads to discover opportunities that could serve in creating SV throughout many different areas. Moreover, several questions can be posed in order to help managers to improve their strategy decisions on how to create SV. These interrogatives include reasoning on whether a product design integrates social benefits, on whether an industry cluster presents gaps that hold back the organization's efficiency, or on how can a community be enabled to become a business location (Porter & Kramer, 2011, p. 16). In order to help in generating a CSV strategy-decision framework, Porter and Kramer (2011, p. 7) expose three courses serving to create value: "by reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the companies' locations", which is illustrated in Figure 4, and explained in the ongoing sections. These three methods are said to be valid in the case of developing countries and advanced economies, although opportunities will differ across locations and industries (ibid). Moreover, these three courses sound as common strategic activities found in any strategy literature. Because CSV is not about changing, but redefining existing products, processes or the organizational operating approaches, these opportunities are considered as being identified and exploited previously, so basically every company already has recognize SV opportunities earlier (Vaidyanathan & Scott, 2012, p. 112). For instance, Spitzceck and Chapman (2012, p. 502) reveal in one of their papers that scholars like Fowler and Heap (1998), Cordes (2009), and Pearce (2008) have concluded that SV approaches have already been illustrated by numerous studies. These researches have been developed before Porter and Kramer's "Creating Shared Value" concept came out as innovative in 2011. Consequently, Spitzceck and Chapman (2012) depicts the difficulty he found on demonstrating that CSV strategies can be applied only in the three ways proposed by Porter and Kramer (2011, p. 5).



**Figure 4. Methods for Creating Shared Value**  
*Source:* Adapted from Porter & Kramer (2011, p. 7)

### 2.5.1 Method 1: Reconceiving products and markets

In advanced economies, a noticeable growth in the demand for products and services that meet societal needs is being identified, being the most common method to create Shared Value (Porter & Kramer, 2011, p. 7). For example, food companies are focusing more on nutrition aspects than only on the taste and quantity of their products. Moreover, financial markets are exemplified by ‘securitization’; a financial instrument that enables securitizes to increase its short-term profits at the expense of the long-term value of its customer base (Skiera, et al., 2011). In addition, Wells Fargo, a financial firm, serves as an example as they have developed tools and services in order to aid customers to manage their credits and debts. (Porter & Kramer, 2011, p. 7).

However this method has been critiqued again, as it is said that this is an approach previously described as “business at the bottom of the pyramid” (Spitzeck & Chapman, 2012, p. 501), where economies of scale have been created for offering basic services and products priced at amounts that cannot be reached by people with limited financial resources (ibid). However, creating SV through pricing could become a very important and needed method. Organizations still have room to recognize that they can socially soften the way they generate revenue, and that this can open up possibilities to create additional value, not only for the society but for the business itself, resulting into market expansion, customer loyalty, and others. (Bertini & Gourville, 2012, p. 99). Businesses have the advantage that often their marketing strategies are more effective than the ones from other type of organizations (non-profits and governments) because they have the know-how on whom to attract as customers to embrace products and services with social benefits. (Porter & Kramer, 2011, p. 7). Another example is the low-priced cell-phones that provide mobile banking services, which are helping small farmers in saving their money securely and therefore, in transforming their ability to produce and market their crops, due to a simpler way of communication. In Kenya, for instance, Vodafone’s M-PESA mobile banking service has developed a new facility in which customers can receive agricultural advice for just five dollars per quarter, reaching 2 million farmers who earn 2,000 dollars in average per year. An early research indicates that this service has helped the farmers increase their incomes by 60% or more. (Porter & Kramer, 2011, p. 8)

“Meeting needs in underserved markets often requires redesigned products or different distribution methods” (Porter & Kramer, 2011, p. 8). In developing countries, microfinance is serving a market which has unmet financial needs, and it is providing solutions to issues that were not treated with the utmost importance. The initial step is to identify all the societal needs, benefits and risks within the society that could be represented through the organization’s products and service. This would definitely lead to find new markets and opportunities in the current ones (ibid).

### 2.5.2 Method 2: Redefining productivity in the value chain

The value chain of a company affects, and is affected, by several societal problems, which include health and safety, working conditions, equality, and natural resources. These problems can create costs within the organizations’ value chains; and therefore, the

opportunity to create Shared Value is opened. (Porter & Kramer, 2011, p. 9). The main ways in which Shared Value can be created with impacts on the value chain are: (a) energy use and logistics, (b) resource use, (c) procurement, (d) distribution, (e) employee productivity, and (f) location. Chabane et al. (2012, cited in Spitzeck & Chapman, p. 501) also propose 'sub-contracting' as another way to create value within the supply chain. However, the work on the areas for creating SV in the value chain is still in progress, "whose implications will be felt for years to come" (Porter & Kramer, 2011, p. 9). Some managers consider that the administration of the value chain is a key competence for understanding the true opportunities of creating value in the supply chain, given through innovation and collaboration (Maltz & Schein, 2012, p. 66). Yet, the most important issue for the managers to understand rises from a deep knowledge of the negative impacts of short-term financial approach, and relies on how supply-chain management is changing and benefiting the organization (Vaidyanathan & Scott, 2012, p. 111).

### 2.5.3 Method 3: Enabling local cluster development

Clusters are groups of companies, suppliers, academic programs, and associated institutions within a field that are interconnected on the same region or nation (Delgado, et al., 2012, p. 3; Porter & Kramer, 2011, p. 12). There is not a company that can stand on its own, because its success will always be influenced by the supporting entities; therefore, productivity and innovation depends on the cluster's development (Porter & Kramer, 2011, p. 12). The initiatives for the development of clusters has become an important course in the economy, leading to a macroeconomic stabilization, opening of markets, and helping businesses improve their efficiency (Harvard Business School). These initiatives can benefit the members of the cluster through sharing common practices, knowledge, and technologies (Delgado, et al., 2012, p. 3). An organization can also build a cluster in its own strategic region, while it is been created SV as it improves the firms' productivity, and in parallel it addresses the cluster's issues (Porter & Kramer, 2011, p. 13). Nevertheless, deficits in the cluster conditions can also generate internal costs for the organizations, e.g, poor education systems inflict both, productivity and costs for training in order to fill the education gaps; bad transportation infrastructure increases logistics costs (Porter & Kramer, 2011)

One way to explain the dynamics of clusters is by stating that the industry growth rate increases in relation to the region's strength in complementary industries that are within the cluster (Delgado, et al., 2012, p. 10). For instance, higher employment growth is registered in industries that belong to a strong cluster, and consequently higher wages are found. Yet, all these efforts for improvement require collective action, meaning that organizations must look for their partners to share the benefits and costs. Additionally, it must be considered that the best programs for cluster development are the ones in which the private sector, government, NGOs and associations are involved. (Porter & Kramer, 2011, p. 15). In order to contribute to a cluster development, an organization needs to identify all the possible issues in which it can influence directly instead of focusing on the matters that are more cost-effective to address. According to Porter and Kramer (2011, p. 16), the areas for gap spotting are distribution, suppliers, education, and markets, which simultaneously represent an obstacle for the organization to grow. In addition, when open markets become a possibility, opportunities for securing reliable supply partnerships arise,

giving suppliers the incentives to provide quality and efficiency, while also the incomes and purchasing power of local citizens are improved. Therefore, “a positive cycle of economic and social development results” (Porter & Kramer, 2011, p. 13).

2.5.4 CSV key Strategy Factors

Bockstette & Stamp (2011, p. 9) performed a research on the approaches of CSV, and they have identified out of this research ten common Building Blocks to create Shared Value. Furthermore, they (ibid) confirm that these mainstays are the perfect outline for adopting successfully CSV approaches if they arrive on being put together. The ten proposed building blocks are summarized in Table 3:

Building Blocks for CSV	Description
1. <b>Vision</b>	Creating Shared Value starts with an explicit strategic decision taken by corporate leaders. Without a commitment at the top level of the organizations, companies are unlikely to be able to marshal the resources, focus, and long-term thinking required to make a meaningful impact. Moreover, engaged senior managers set the tone, and they unleash the energy and creativity of the entire firm.
2. <b>Prioritize key shared value issues</b>	A good strategy should be tailored to reflect a company’s unique positioning, capabilities, and competitive landscape. It should identify a handful of genuine social challenges that also represent cost-reduction or growth opportunities, and prioritize the areas where it is best placed to act. Equally important, companies must shape this identification and prioritization process internally, rather than allow external stake-holders to be the driving force. That way, they can retain control over their strategic agenda and maximize their chances of advancing strategic goals in ways that create value for society and the business.
3. <b>Set specific ambitious goals</b>	Goal-setting is an essential management tool for Creating Shared Value. It focuses on activities, creates and sustains momentum, and provides a basis for internal and external accountability. Well-crafted goals are ambitious — just as business units do not outperform without being stretched, cautious increments are unlikely to spur the leaps in innovation that are needed to make a serious impact. However, companies also strike a balance between clearly defining desired outcomes and allowing managers the freedom to decide how to meet them.

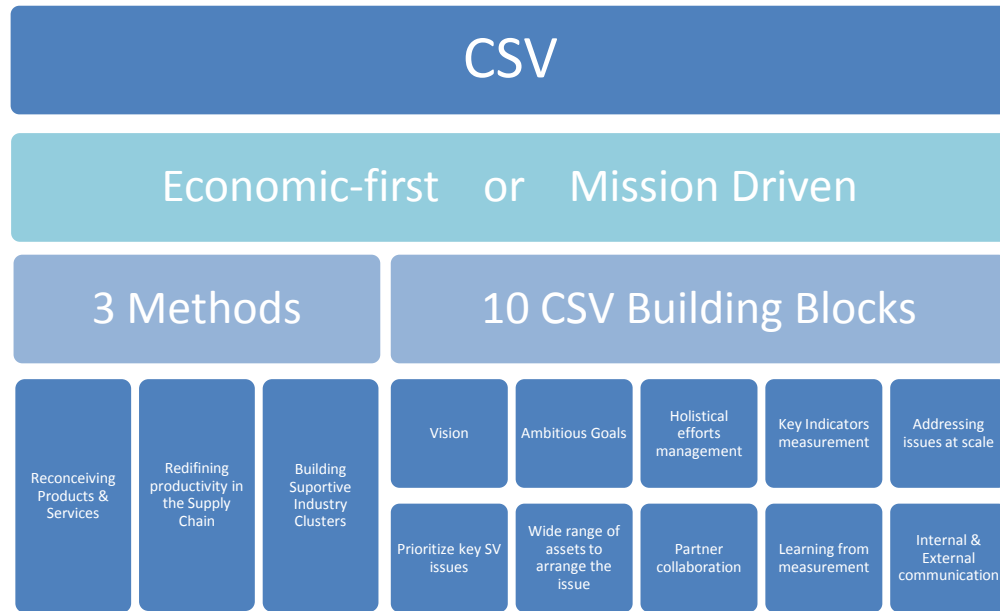
4.	<b>Deploy a wide range of assets to address the issue</b>	These assets can include cash, goods, and services; the skills of employees; and political and business Influence. The most effective companies bring to bear an imaginative combination of assets in areas where they have an edge over other actors.
5.	<b>Manage efforts holistically across the organization</b>	In the most effective companies, social engagement is not confined to an isolated silo, but instead is integrated into a wide variety of roles and functions, and often overseen at the board level.
6.	<b>Collaborate with partners</b>	Most companies consult with stakeholders, and work with NGOs, either as an implementing partner or a grantee. However, companies that create Shared Value go beyond this. They develop consultation processes that inform action, but do not allow the loudest voices to dominate the agenda. They also take part in coalitions that tap into a range of complementary capabilities from across fields and industries to tackle a common issue.
7.	<b>Measure progress on key indicators</b>	Companies that create Shared Value track the usual performance measures against a baseline, but they also gauge underlying changes in the targeted issue.
8.	<b>Learn from measurement to improve efforts</b>	The most successful initiatives are constantly on the lookout for opportunities to optimize investments and to rethink aspects that are not working as well as hoped.
9.	<b>Address issues at scale</b>	Opportunities to create Shared Value often lie in large, complex social challenges. To unlock solutions, it is essential to act at scale — otherwise, the impact on both social progress and corporate competitiveness will be negligible.
10.	<b>Communicate progress to internal and external audiences</b>	Effective companies go far beyond traditional CSR reporting, employing a range of communications approaches to reach specific groups in targeted ways. The organizations have a clear sense of who consumes the information they provide, what those people need to know, and how to meet those needs efficiently.

**Table 3. The Ten Building Blocks for CSV**

*Source:* Adapted from Vaidyanathan & Scott (2012, p.111)

Given that Porter and Kramer (2011) are providing the three methods to create SV, the previously described ten Building Blocks serve to complement the CSV original idea by offering insights on how to address it as well as on how the strategy can be redesigned, and the aspects that it should include to be a successful CSV approach. Considering these two proposals, and the two Shared Value perspectives from Maltz and Schein (year) –

‘Economic-first perspective’ and ‘Mission-driven perspective’-, the present research will propose a framework used to assess in an analytical breakdown structure, *how an organization adjusts its strategy to a Creating Shared Value approach*, which is illustrated in Figure 5.



**Figure 5. Adapted CSV framework into an organization’s strategy**  
*Source: Adapted from*

## 2.6 Shared Value in Social Impact Organizations (SIO)

In this research, the term “Social Impact Organizations” (SIO) will be used when referring to any company, institution, organization or enterprise that generate a positive impact to the society, through their mission and core endeavors. The term will be used because, as Porter and Kramer (2011, p. 10) said that businesses are not the only entities that generate profitable social solutions.

In a report presented by Dees and Elias (2012, cited in Pirson, p. 34), the authors suggest that social ventures vary between social and commercial ones, depending on the mission assigned to the organization. Yet, in benefit of the community, many social entrepreneurs are discovering opportunities to create and maximize value for society (Porter & Kramer, 2011, p. 10), which represents the main difference of social and conventional entrepreneurship (Pirson, 2012, p. 35). Some examples of SIO include micro loans services and agricultural consulting services. For instance, The Grameen Bank disburses micro-loans to people in extreme poverty with a tremendously low payback rate, yet it also generates profit for the bank itself (Pirson, 2012, p. 36). Another illustrated case is presented by Forestrade, Inc., which is a business that generates profits through international trade of organic products between Indonesia-Guatemala and North America-Europe, while generating direct employments to the commodity producers who are generally in high social and ecological vulnerability (Parrish, 2010, p. 516). These are two

clear SIO examples where Shared Value is been created as the benefits apply to the society and the organization.

## 2.7 Impact of CSV on society and economy

Killian et al. (2012) explain that greater Shared Value is created when socio-economic or environmental issues are incorporated into the company's strategy; additionally "the value chain is reconfigured to make those issues work to the benefit of the company's productivity and vice versa" (ibid). As mentioned before, when exposing the different methods to create Shared Value, the manners in which SV impacts society and the economy are endless. Creating Shared Value implies ethical standards and complying with the law, and it also considers any mitigation after harms that result of business practices. Moreover, CSV enables powerful opportunities to grow economic value in parallel with societal value (Porter & Kramer, 2011, p. 15).

According to Porter and Kramer (2011, p. 16) today's efforts in the social arena are less effective and sustainable than what CSV will be in the near future. This will occur as organizations, by then, will really bet on the environment and society by considering CSV as a productivity driver instead of a reputation-improvement tool. Likewise, more interesting managerial opinions and positions will arise when organization leaders not only implement the core initiatives of CSV, but when they decide to apply tools that enable them to measure the impact on the organization and the extent to which the positive impact on society strengthens the organizations' performance.

### 2.7.1 Measurement of CSV impact

"Shared Value strategies are tangible for investors when they are measured" (Porter, et al., 2011, p. 2). The relationship between social welfare and company profitability is complex and situational, depending on several factors enclosing the different cases or companies boarded (Lin et al., 2009). The correct assessment of the concepts is of great relevance, as it will allow a redirection of the efforts to carry out any endeavor. When organizations fail to grasp or to track the relation between social and organization results, the firms themselves lose opportunities for improvement in regard to innovation and growth (Porter, et al., 2011, p. 2). Nevertheless, it is difficult to measure the social impact of investments, which becomes critical for the continuing capitalization of any given organization or sector (Giddens, 2011). According to Giddens (2011), it is subjective and difficult to measure social impact, and the results may not be sufficient to determine the real effect if compared to the impact of other business investments. However, Porter et al. (2011, p. 3) suggest that it is not only about having a quantified measurement, but also about understanding the social results from the investments and being able to translate them into social improvement and business opportunities. Giddens (2011) also states that, because standardization of metrics are of utmost importance in order to keep investors interested in the organization, and even though metrics or social impact are not clear to measure, it is becoming a trend among investors to create their own impact measurement systems. Therefore, with their innovative interest in creating customized metrics, they will most probably be able and willing to adapt them to social impact measurement.

Székely and Knirsch (2005, pp. 632-641) and Epstein and Buhovac (2010) enlist several approaches for measuring and assessing a company's progress towards sustainability, such as: surveys, awards schemes, investors' criteria, benchmarking, sustainability indexes, accreditation processes, sustainability indicators as well as the performance of the inputs, outputs and processes operated in these practices. However, none of these metrics represent clear universal tool, because determining them depend on the assessed situation and on the organization. Moreover, the idea of Gidden (2011) is supported as the analysis of sustainability results is complicated “ due to the wide range of reporting practices for environmental, social and corporate governance risks/opportunities and also due to the difficulty of verifying the accuracy of the information provided by companies” (Székely & Knirsch, 2005, p. 632).

Differently, Porter et al. (2011, pp. 4-5) expose the metrics used by SV, which are meant to be universal by every industry and every company, because of the flexibility that this measurement instrument offer. Therefore, the SV measurement process is identified in four main steps: (i) identify the social issues to target, (ii) make the business case, (iii) track progress, (iv) measure results and use insights to unlock new value (ibid).

*(i) Identify the social issues to target*

To identify the gap spotting of unmet societal needs, and analyze their overlapping effect upon the business across the three levels of SV. Then, prioritize the issues that stand for opportunities of increasing the financial performance or decreasing costs of any given organization.

*(ii) Make the business case*

After having the information produced in the previous step (i), the task is to develop a case based on research and analysis, illustrating to what extent the social enhancement will directly improve the business performance. This process will be depicted by the specification of several endeavors that need to be carried out as well as costs involved in order to portray the business and social results. Thus, decision-making process will be driven afterwards.

*(iii) Track the progress*

With the use of the business case as a map, organizations track the objectives established in the previous step (ii), craft that include “inputs and business activities, outputs, and financial performance” (ibid). Important to highlight is the similarity this stage in measuring SV has with respect to a sustainability measurement process proposed by Lin et al. (2009), where inputs, processes and outputs need to be assessed and quantified in terms of performance so that appliances in the organization core can be created accordingly. Moreover, the idea of Lin et al. (2009) of linking the structures and systems of the companies with a well-constructed culture and leadership within them is key for determining the long lasting of sustainability. This is heightened with the stakeholder participation, and can enrich this stage by enabling SV metrics with more tools that avoid forgoing any aspect of the social impact process in order to be broader applicable.

(iv) *Measure results and use insights to unlock new value*

The goal in this step is to authenticate the linkages between social and business performance and to determine if the efforts and resources applied on the process are worth enough. Further to this, a summary of a description of the opportunities that will open up value creation through refining the SV strategy will define an informative output.

Given this information, there is a gap found in the way organizations have to drive their practices to generate better financial proficiency and social impact performance. In other words, following what organizations have to do in order to manage their teams to accomplish the best joint performance and create benefits for all the partakers in this process has been unseen. Thus, it needs to be strongly considered by the organizations. Even so, measurement of social impact seems to be crucial in order to keep the interest of today's investors who still do not grasp the vast opportunities that arise from CSV. One important aspect to be covered by organizations while tracking and measuring social and business performance is to do so conjunctly to understand the link between these two partakers. Therefore it could be said that, since value is only consider as value when others perceive it as such, a tool that indicates the value creation in quantified methods should be used at all instances when analyzing the impact of CSV (Porter & Kramer, 2011, p. 5)

## 2.8 CSV in Latin America

Porter and Kramer's paper addresses CSV in a global context, but it does not specify how CSV approaches have been implemented, or if they even exist in all the regions of the world. Since the aim of the present research is to study CSV within a Latin American region, an attempt to retrieve literature that explains CSV in this context has been done. However, there are just a few studies that provide some analysis, being the most relevant ones those who belong to the Inter-American Development Bank (IDB) and to a business writer working for IDB, who gives a reference of CSR in this region. The latter provides a good insight on how CSR has evolved, which may suggest a framework for the evolution of CSV in Latin America. Peinado-Vara (2005, p. 2) tries to provide a short historical description on how CSR initiatives have been active within Latin countries. She states the existence of diverse evidences of CSR presence, and provides hints, taken from the literature, that CSR in this region comes from the private and social sector, yet just limited case studies are available to be accessed. However, Haslam (2005, cited in Peinado-Vara, p. 2) claims that international companies and NGOs have influenced CSR in Latin America region, where the local organizations have no tenure of the CSR approach. Needless to say, and since no evidences on CSV initiatives in the region is found, this concept is not being conceived at a formal organizational level in Latin America.

Nevertheless, there is an attempt from the IDB to incorporate CSV in the area. The IDB (2013) has released some news about how they are contributing towards the creation of SV. They explain to have allocated 750,000 USD for helping on the implementation of CSV initiatives, which are carried out by private-sector clients. The IDB is the "first multilateral financial institution to endorse the concept of shared value assessments" (IDB, 2013), and it is working with ten companies in Latin America from the years of 2013 to 2014 in order to identify investment opportunities that will increase competitiveness and will add societal value. These companies will be selected based on their proposed initiatives to create SV. Moreover, three out of those organizations have already started

working with IDB. They are ‘Subsole’ (Chile), The Jamaican Cari Hospitality (Jamaica), and Universidad de San Ignacio de Loyola (Peru). The latter one is considered of interest for the purposes of present research because it is a university and it operates within the educational sector, too. Moreover, it proposes alternatives to expand the socioeconomic range in which the registered students claim to be immersed in. This offering is in order to reduce educational desertion rates, to avoid forgoing educational progress. However, there is still lack of information on the work that IDB is doing with this university, and how the theories of CSV are applied into their strategies and operations.

The IDB implies that even when Latin American organizations have a strong interest in meeting the societal needs while generating profits, their capacity, time, and resources are insufficient to identify investments in pro of Shared Value creation (IDB, 2013). This situation can be attributable to the fact that, as a response to economic crises, corporate philanthropy tradition has been present in Latin America for a prolonged time (Peinado-Vara, 2005, p. 62). Nevertheless, these philanthropy craft is temporary and do not last from one period to another, hence there is no long-term impact nor even in sustainability. However, Peinado-Vara (2005, p. 63) also suggests that even if Latin American organizations cannot solve all the social and economic problems, they can enhance prosperity by focusing, not only on markets that they arrive to understand, but also on the pyramid-base markets, which have a bulky potential in meeting the needs of unprivileged communities. Usually these markets have found prosperity by encouraging donation help; yet, the potential development through for-profit and non-profit organizations that create Shared Value is enormous. Organization commencing a sincere interest to grasp the basic needs of the markets, so that they can enable applicability upon CSV models, will help on tackling wealth in pro of their Latin American regions. Nevertheless, the IDB news confirm that in Latin America there are already organizations applying the CSV models, even if they do not know it is called that way (IDB, 2013). Some examples the IDB offers are: (a) CEMEX, a Mexican supplier of building materials, which have started a microfinance program that provides small loans to low-income families so they can buy building materials in order to construct a place for accommodation; and (b) Alicorp, a Peruvian retail company which started a financial management training program for small bakeries in rural and urban areas.

An extensive potential on studying Latin American organization still remain as well as on analyzing if their interest on the visible disadvantaged communities has led to an action based on CSV strategies. Moreover, there is a vaster need in empowering these organizations in order for them to be able to identify the opportunities that will encourage them in helping the communities, while generating profits for the organizations themselves.

## **2.9 CSV in the Education Sector**

### **2.9.1 Education circumstances from a global perspective**

The current worldwide economic situation is threatened by gaps in the education system, particularly with regards to a lack of access to education (The World Bank, 2011, p. 11; Regency, 2013). According to UNESCO (2013), “education is a fundamental human right

and essential for the exercise of all other human rights. It promotes individual freedom and empowerment and yields important development benefits”. However, many adults and children are stills remain limited to access educational opportunities, the majority as a result of poverty (The World Bank, 2011, p. 11). Additionally, people with education tend to contribute more to society than what they get paid, and a lack of a solid financial background prevents poor families from borrowing money to pay for education (The World Bank, 2011, p. 13). This has led to a weak investment in education, and at the same time, to the lack of creation of educational initiatives to improve the education system, foster growth in societies and reduce poverty (The World Bank, 2011, p. 13; Humanium, 2013). Nevertheless, investments in education have shown a significant increase particularly in developing countries and the number of individuals entering school to complete their basic and secondary education has been increasing (The World Bank, 2011, p. 14).

### 2.9.1 Current practices of SV within the Education Sector

Traditionally, companies used philanthropy to respond to societal issues in the education sector. However, nowadays organizations are shifting to the application of innovative business models to address societal needs (Regency, 2013). Predominantly, technological innovations have been playing a major role in the education sector (ibid). This has created opportunities to develop scalable products and services such as mobile computing initiatives to be used as educational tools while enhancing competitiveness and increasing profitability (ibid).

As previously mentioned, there is evidence on the interest to develop CSV in the Education Sector. For instance, the Universidad de San Ignacio de Loyola, an organization supported by the IDB seeks to identify its CSV opportunities (IDB, 2013). This is one of the first cases in Literature that demonstrate the possibilities of CSV within the education sector in Latin America. Beyond this, literature is not supporting this scope. Nevertheless, Rice (2011) recently published an example of education development grounded on CSV. For example, research in King County highlighted the importance of education’s long term investment (ibid). Moreover, the study demonstrated that several companies are diversifying their investment in education in King County. This is because there is a requirement in the County to have skilled individuals with the potential of becoming the future workforce (ibid). Notably, the main focus is on the effect of the long-term investment in education. Similarly, organizations are partnering to deliver educational programs in King County. To illustrate this, Skill up Washington, a partnership primarily formed by nonprofit organizations, academic institutions and employers seeks to develop King County’s low-income working class by helping individuals to continue with their education.

Given the importance of the impact that education has on the society as a whole, organizations are motivated to aid in the development of individuals in order to trigger long-term strategic benefits while engaging the community and strengthening the education system. These are examples that represent “a new way to achieve economic prosperity that can be shared by all” (Rice, 2011) while increasing revenue and enhancing

social change (Regency, 2013). In view of this trend, shared value not only reinforces relationships between partnering organizations and within the society but when applied in the education sector it fosters long-term economic benefits (Regency, 2013).

## **2.10 Theoretical Framework of Reference recapitulation**

IDB's Structured and Corporate Finance Department (SCF) recently has interviewed many CEOs and top management of existing and potential private sector clients. Accordingly, data has been revealed that 85 percent of them strongly agree in the belief that companies can increase economic value by creating societal value. The Shared Value approach has been identified by the IDB as a key tool to meet the goals of the new private sector strategy, which has been developed as part of the IDB's Ninth General Capital Increase (IDB-9). Under IDB-9, private sector investments should promote broader economic development goals by improving the investment environment. Thus, enhancing the private sector's capacity for innovation, and increasing productive human capital. (IDB, 2013)

On a theoretical level, Porter and Kramer (2011) might not be considered to offer a tangible solution to business strategies. Their arguments are said to be weak, as they bring down the trade-offs that organizations make, even in endeavors with purposes of benefiting the society (The Economist, 2011). Nevertheless, the initiators of CSV theory have gathered support from different scholars who agree on presenting CSV as a driver of change for society. Thus, it is worth the deeper study of the proposed initiatives that imply CSV and the trial of this theory applied on the organizations. Within some timeframe, and after organizations have delivered results, it will be more interesting and enriching to analyze the real effectiveness of CSV as Porter and Kramer (2011) are portraying.

## **3.11 Final remarks**

Along the theoretical framework, a number of main themes have been exposed and assessed within the main areas of Creating Shared Value, business strategies, social impact organizations and the educational sector in Latin America. These theoretical perspectives mostly concern methodologies, and societal and environmental impacts, depicted as the foundation for identifying the best options to create value in benefit for organizations and societies. Hereafter, these topics will continuously be crucial in this research since they will guide the researchers and the readers to understand how CSV can contribute to the educational sector through social impact organizations.

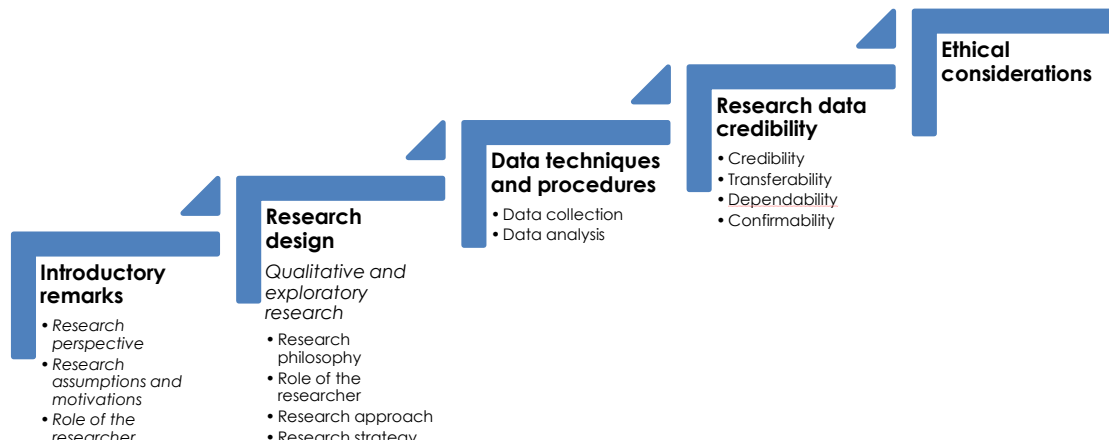
### 3. Research Methodology

This chapter focuses on discussing how this investigation is systematically conducted in order to answer the research question (Saunders et al., 2012, p. 5).



**Figure 6: Thesis structure. Research Methodology**  
(Developed by authors)

The research aim is to explore how CSV can contribute to the educational sector in a developing country through social impact organizations. Therefore, a multiple holistic case study (Yin, 2009, p. 40), based on two financial entities within the Education sector is applied. The Research Methodology chapter is divided as illustrated in Figure 7.



**Figure 7: Methodology Structure**  
(Developed by authors)

Firstly, the introductory remarks section presents the preconceptions of the research possess. Secondly, the research design describes the research philosophy, as well as the applied research approach. Moreover, a justification of the selection of the employed methodology and methods will be presented (Collis & Hussey, 2009, p. 122). Thirdly, the data techniques and the data processing will be described. Finally, the ‘research credibility’ section will tackle the data quality issues and will conclude with a description of ethical considerations.

#### 3.1 Introductory remarks

##### 3.1.1 Research perspective

The research will be lead through a societal perspective focus with the possibility of the creation of CSV to enhance both social and economic growth of the firm and the surrounding communities of the firm. The research will be both theoretical and empirical. The main topic of interest will be whether CSV can enhance profitability and revenues of a firm at the same time of tackling societal issues. The study assumes that each firm has a

different perspective of application of social impact endeavors, and thus of CSV in their success or failure.

### 3.1.2 Research assumptions and motivations

The interaction between various personal and social factors is highly valuable and provides the basis of this study. The researchers' previous experiences can influence the decision made upon the conduction of this thesis. According to Bryman and Bell (2007, p. 23), the social reality is a constantly shifting property, and meanings are formed through the interaction. This interaction is at a complicated front due to the nature of the industry. The effects of these previous experiences are considered throughout the research.

Our professional backgrounds are similar, both of us have worked in an educational industry embedded on a low-middle socio economic strata target in Latin America. One of us has built on experience in lecturing and in managerial endeavors in this sector. The second researcher has acquired experience in management in the logistics industry for 7 years, complemented with experience in community service. Additionally, we have always conceived the idea of tackling social issues through non-profit organizations. Hence, our professional background has allowed us to come up with insights regarding the essence of the business structure and business strategies while simultaneously understanding the context of an emergent country.

### 3.1.3 Role of the researcher

As researchers, we will follow a participating role. However, we will undertake the role of 'external researchers' during the interview sessions. This will be done in order to gather effective insights, access the participant organizations needs to be negotiated, and trust needs to be gained (Saunders et al., 2009, p. 172).

## 3.2 Research design

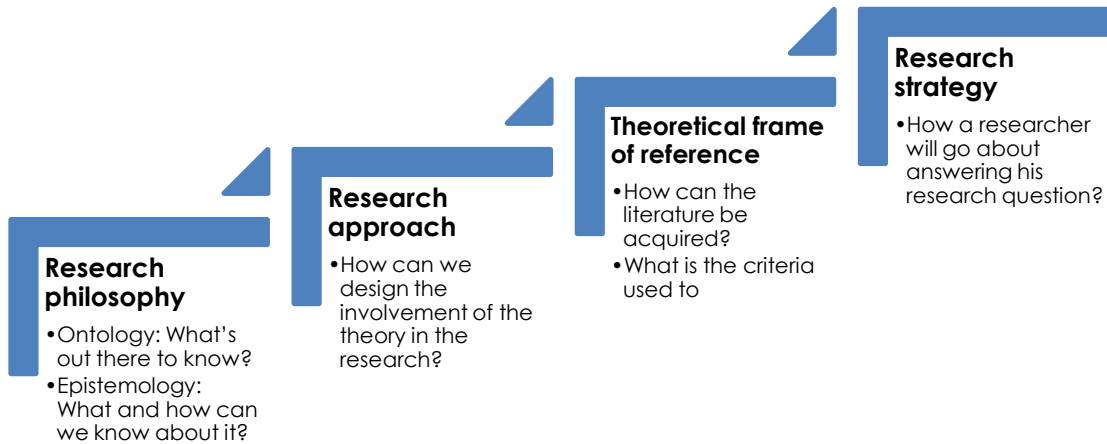
Due to the fact that this study is considered to be a societal research, this thesis is acknowledging a qualitative research. The thesis will be based on the fact that "knowledge about reality can only be obtained through 'the eyes of someone else'" (Jonker, 2010, p. 80). Moreover, this research is developed in a cross sectional time horizon where the phenomena will be observed just at a particular and short time. Because of its socially oriented nature, the Educational sector experiences rapid changes and elevated dynamism that blocks a current possible participation of this research within a longitudinal horizon. Both, this situation and the time constraint for developing this study confirm the selection of the time horizon (Saunders et al., 2012, p. 190). This thesis is qualitative in nature. Thus, it offers comprehension of a concept, rather than of metrics. Additionally, the purpose of any research can be exploratory, descriptive or explanatory. Table 4 provides a brief overview of these purposes.

Research purpose	Description	Degree problem definition	Amount of uncertainty	When conducted?	Usual research design
<b>Exploratory</b>	Conducted to clarify ambiguous situations or discover new ideas	Key variables are not defined	Highly ambiguous	Early stages	Unstructured
<b>Descriptive</b>	Portrayed characteristics of objects, people, groups, organizations, or environments	Key variables are defined	Partially defined	Later stages	Structured
<b>Explanatory</b>	Studied a situation in order to explain the relationship between variables	Key variables and key relationships are defined	Clearly defined	Later stages	Highly structured

**Table 4: Research purposes**

*Source:* Adapted from: (Saunders, 2009, p. 140; Zikmund 2009, p. 34)

Given this information, the research question of this thesis aims to discover new insights about the possibility of merging CSV with the Educational sector. Therefore exploratory research is the best fit since this research considers gathering information about an unknown topic (Saunders et al., 2012, p. 171). Figure 8 illustrates the structure of this research.



**Figure 8: Research design structure**

*Source:* Adapted from: (Hay, 2002, p. 64)

Firstly, the research philosophy aims to underpin concerns regarding the understanding of the correlation between the components of our research as well as avoiding confusion in debates towards social phenomena. Also, it will help to recognize our position towards the research (Grix, 2002, p. 176), which is an ontological stance with subjectivism aspects and epistemological stance combined with interpretivist aspects. Secondly, the current research emphasizes on an inductive approach; however, it also contains deductive elements. Finally, this research follows a case study research strategy (Saunders et al., 2012, p. 173).

### 3.2.1 Research philosophy

The research philosophy affects the research approaches, the research methodology and the correct interpretation of the findings (Saunders et al., 2012, p. 128). Along the research we make assumptions that shape the nature of the knowledge. Ontology can be defined as “claims and assumptions that are made about the nature of social reality, claims about what exists, what it looks like, what units make it up and how these units interact with each other” (Blaikie, 2003, p. 8). Epistemology is defined as “the theory or science of the method or grounds of knowledge” (Blaikie, 2003, p. 8). In social sciences, the main research paradigms, or in other words, “the main philosophical framework that guides how scientific research should be conducted” (Collis, 2009, p. 55) based on the epistemological considerations are positivism and interpretivism.

Positivism is concerned with gathering facts rather than interpretations; thus, it considers the social world as objective. The collection of data is likely to be highly structured and with vast samples. Based on causality, positivism assumes that only observable phenomena have reliable data, which can be converted in law. Researchers with a positivist viewpoint carry out a value-free study, which implies an external position of the researcher towards the phenomena of study (Saunders et al., 2009, p. 113). Interpretivist philosophy is socially constructed. It assumes that meanings are obtained through interpretations. Researchers with an interpretivist perspective seek to understand the social meanings based on their own experiences. Therefore, interpretivism is contextual and thus not generalizable. The collection of the data is more likely to be small (Saunders et al., 2012, p. 137). Table 5 gives an overview of how these paradigms (positivism and interpretivism) and philosophical aspects (objectivism and subjectivism/constructionism) correlate with the two philosophical assumptions: ontology and epistemology.

Research philosophical assumptions	Research paradigms	
	Positivism	Interpretivism
<b>Ontology</b> The researcher’s view of the nature of reality or being	External, objective and independent of social actors.	Socially constructed, subjective, may change, multiple.
<b>Epistemology</b> The researcher’s view regarding what constitutes acceptable knowledge	Phenomena and/or subjective meanings can provide acceptable knowledge. Focus on practical applied research.	Subjective meanings and social phenomena motivating actions. Focus on details of situation, a reality behind these details

**Table 5: Correlation of research paradigms with research assumptions.**

*Source:* Adapted from: (Saunders 2012, p. 140)

The research perspective and the selected role of the researchers conceive this study as a socially oriented one. Hence, this research best suits an interpretivist research philosophy with subjective ontological assumptions.

### 3.2.3 Research approach

A deductive approach starts with a hypothesis, to then narrow it down to prove the hypothesis (theory testing), while an inductive approach usually starts with a research question, aiming to develop a hypothesis (theory building). The deductive approach to research (Saunders et al., 2009, pp. 124-125), advocates an emphasis on scientific principles, a highly structured approach and researcher being independent of the issue being researched. Therefore, this research is remarkably emphasizing on an inductive approach, yet elements from the deductive approach will arise as well.

While doing this study, a deductive approach arises by gathering and studying the literature in order to understand CSV, its history and the theories around it as well as its applicability. Analyzing data according to a preset framework is deductive analysis, i.e. deductive analysis starts with established theories and hypotheses are built on those theories (Gummesson, 2000, p. 177). This information will drive a synthetic-analytical process, which therefore, will address an analytical debate to discuss the direction and shape of this study. Consequently, this information aims to help in finding the relationship between CSV and education in the literature. However, the emphasis of this thesis is stressed out on an inductive approach. Inductive analysis starts with the real world data and concepts (Gummesson, 2000, p. 178). Thus, the information generated in the first stage, will serve as a departing point to explore CSV in the Educational field. Yet, CSV, has little literature because of its novelty: CSV has been developed in 2011 (Porter & Kramer, 2011). Moreover, the existence of any literature investigating the contributions that CSV can have in the Educational sector in Mexico has not been exposed. Additionally, the nature of the study is exploratory, which supports building theory on this field (Saunders et al. 2012, pp. 144-146).

### 3.2.4 Acquiring theoretical frame of reference

The theoretical framework is obtained by using the search tools available at Umeå University's library as well as Heriot Watt University's library. A compendium of several databases, such as EBSCO HOST, E-Journals, and Academic Search Elite, has been used. Before developing this thesis, different topics of the researchers' interest related to 'non-profit organizations' were checked out. Many scholars' theories within this theme are concentrating on factors such as sustainability, finance and corporation strategies, CSR, or CSV. However, after preparing this study, the interest area we decided to focus on is 'Shared Value'. Up to now, this topic has experienced little interest and has been mostly invented and developed by Porter and Kramer (2011). In order to deeply investigate the topics of 'education', 'finance' and 'funds' we used these terms as an entry, allowing us to better shape the research. Additionally, we looked up for data within the desired context by using the word 'Mexico'. Moreover, the use of published material by newspapers, business magazines, or official websites was of great importance, such as 'www.sharedvalue.org', Forbes, Harvard Business Review, and Investment & Pensions Europe. Additionally, various sources of organizations like UNESCO, GIIN, OECD, EDUCAFIN, FINAE and SEP have been used.

### 3.2.5 Research strategy

The research strategy consists on a plan of action on how we will go to answer to what extent CSV can contribute in the Educational sector (Saunders et. al, 2012, p. 173). Our choice is being guided by several aspects of the current study: the research question refers to the ‘how’ statement; the research objectives are compounded by social and organizational categories; the design of the research is exploratory and qualitative. Pragmatic concerns are considered as well, such as the time constraint and a limited access to potential participants. Therefore, the most suitable research strategy for this thesis is the case study. “In general, case studies are the preferred method when (a) ‘how’ or ‘why’ questions are being posed, (b) the investigator has little control over events, and (c) the focus is on a contemporary phenomenon within a real-life context” (Yin, 2003, p. 9). In addition, our research has three features: (a) it is posing a ‘how’ question, (b) Education is a topic that is strongly related to uncontrolled variables for the researchers, and (c) CSV is a very contemporary event that was developed and revealed for the first time in 2011 (Porter & Kramer, 2011). The best research strategy for this dissertation is the case study.

#### *Case study process*

According to Yin (2003, pp. 19-21) the case study strategy consists of: case study design, development of the case study, and analysis and conclusion remarks.

#### **Case study design**

The establishment of the study objectives takes place and the research structure is being done. Care must be taken while determining if our research has as objective the generation of theories, interpretation of meanings or an action guide.

#### **Development of the case study**

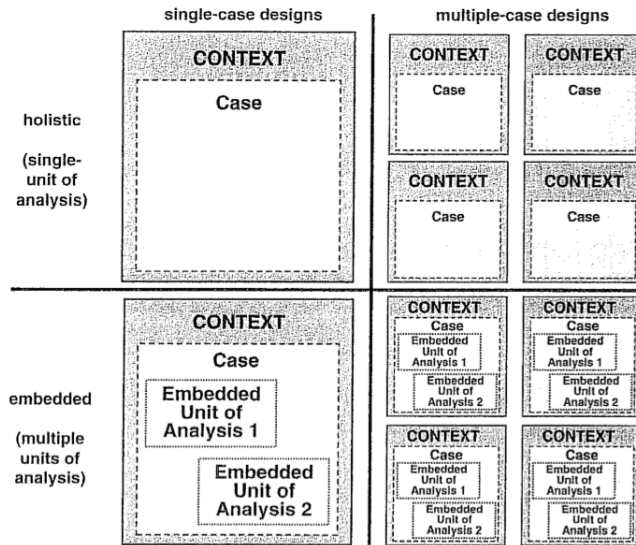
The data collection procedure is to be prepared and the empirical findings are to be gathered. Reflection about theoretical framework is kept in mind throughout this phase.

#### **Analysis and conclusion remarks**

The empirical findings are analyzed and the data is linked with the propositions before being depicted in the case study.

#### *Case study design*

This research studies two organizations taken as one entity; thus our case study design is a holistic multiple-case (Yin, 2003, p. 40), best appreciated in Figure 9.



**Figure 9: Basic Types of Designs for Cases Studies**  
 Source: COSMOS Corporation cited in Yin, 2003, p. 40

Case study research complements the strengths and limitations of other different types of research. In this particular case, the research question is based on a social aspect, which is linked with social impact organizations. The case studies will strive to develop a relationship between economic and social welfare of a society when using financial products to enhance CSV in the Educational arena. Furthermore, Bryman & Bell (2011, p. 67) consider the importance of having a ‘unit of analysis’ within the case study to proceed with the data collection and data analysis, for which they propose the following: individuals, entities, groups, divisions, organizations, the industry or a country. In this case, the unit of analysis is ‘the organizations’, because FINAE and EDUCAFIN are the ones to be examined to later decide whether their endeavors couple with the CSV theory or not.

**Case study. Limitations and overcoming them**

Yin (2003, p. 38) proposed the case study to have limited generalizability from one case to another due to the little control over the phenomenon as well as the difficult representativeness of the case which impedes the easily replication. Additionally, Yin (2003, p. 28) states that the notion relies in the notion of generalizability, so that the case study should be generalized in its theory, and not from the experimental results as analogous researchers do. Another problem is the bias observation followed by the influence of the researcher, whose presence can change the case. However, Gerring (2004, p. 354) states that our ontological presumptions affect the development of the case, creating a “cognizant” of this fact. Thus, having a middle-range position of case study research helps to diminish this limitation. We take this into consideration in order to strengthen our researcher role. Additionally, Eisenhardt and Graebner (2007, p. 28) state that bias can be shortened if the informants are well-informed about the case in order to present the information from different perspectives.

### 3.3 Data techniques and procedures

Qualitative analysis involves simultaneous data collection and analysis (Saunders et al. 2012, p. 546). This means, data collection and analysis help to recognize important themes, patterns and relationships within the collected information (Saunders et al. 2012, p. 488). The analysis occurs before and after the collection of information (ibid). Data collection in this thesis is based on ‘semi-structured expert interviews’, whereas the data analysis is presented by using the ‘display and analysis’ technique.

#### 3.3.1 Data collection

##### *Primary data collection*

Primary data is the one that has never been collected before (Saunders et al., 2012, p. 304). Interviews, focus groups, and participant observations are some of the sources of primary data in qualitative methods identified by Dawson (2007, p. 28) (See Table 6).

Sources	Appropriate for	Strength of method
<b>Interviews</b>	Eliciting individual experiences	Eliciting in depth-responses, with nuances and contradictions
	Addressing sensitive topics	Gets at interpretative perspective, i.e., the connections and relationships a person sees between particular events, phenomena, and beliefs
<b>Focus groups</b>	Identifying group norms	Elicits information on a range of norms and opinions in a short time
	Eliciting opinions about group norms	Group dynamics stimulates conversation, reaction
<b>Participant observation</b>	Discovering variety within a population	
	Collecting data on naturally occurring behaviors in their usual contexts.	Deeper understanding of other communities, culture or contexts.  Build up lasting and trusting relationship with those being studied

**Table 6: Methods. Sources of primary data**

*Source:* Adapted from (Dawson, 2008, pp. 28-35; Mack, 2005, p. 30)

The most suitable method for this thesis is the interview. The needs and motives of this thesis have led us to investigate through individual experiences, by shaping an interpretative perspective. Qualitative data adopts three types of interviews: un-structured, semi-structured, and structured. Un-structured interview refers to a free talk between the interviewer and the respondent; in the semi-structured one, an interview schedule is designed beforehand in order to get to know specific information, which will be compared with another interview; and a structured follows a series of established questions (Dawson, 2008, p. 28). It is considered that this research needs to collect particular information (see Appendix I and section 3.3.2.2) in order to answer the research question. Also, flexibility is

taken into consideration, as we would like other data which is unknown at the moment of conducting the interview- to arise properly from the respondents' voice (Dawson, 2008, p. 28). Therefore, a semi-structured interview will be the appropriate method.

### **Organization sample criteria**

This research follows a sampling technique, where judgments to select the cases that will answer the research question, are needed. A statistical representation is not necessary, yet importance is given to samples that possess the ability to answer the research question accordingly (Saunders et al., 2012, p. 287). Moreover, because of the exploratory nature of our research, small size samples are adequate in the development of a research (Saunders et al., 2012, p. 287; Yin, 2003, p. 40). Therefore, the criteria to select the case-study samples are categorized as follows: (i) context, (ii) core business, and (iii) innovativeness.

#### *(i) Context*

Because CSV is a managerial tool used to produce social progress (at the same time of producing profit), we are seeking to find organizations embedded in emergent markets, where the necessity of generating changes in the community is urgent. This requirement should be supported with economic facts, this means that the countries in which we ask the organizations to be immersed in should have a low economic growth, a high unequal welfare distribution, and a little basic rights offer to the community. Furthermore, as a special criterion, these emergent markets need to have a deep educational lagging and a high lack of literacy, accompanied by a significant governmental resource shortage in order to cover the educational needs of the community itself.

#### *(ii) Core business*

The research question seeks to explore a phenomenon in the Educational sector through the eyes of social impact organizations. Following this line, the organizations whose impact is in the Educational field, and are operating as a social impact organization will be enlisted. Therefore, it is required for this dissertation to have firms whose core businesses are the student loan, and not any other financial product. Thus, banks are excluded, as their connection with financial services is merely commercial.

#### *(iii) Innovativeness*

Due to the fact that CSV is a very novel and innovative concept, we are looking for companies having elements in their business strategy that show the existence of innovation, which according to Gamal (2011, p. 17) "innovation involves the combination of inputs in the creation of outputs". Besides, the metrics used to assess innovation in an organization are: the proportion of externally sourced ideas, building innovation through processes, and commercializing innovation (Gamal, 2011, p. 21). Therefore, the selected samples should have this metrics within their business strategies.

### **Respondents sample criteria**

The criterion of selection for the participants was based on the selection of top managers from both organizations. We seek to guarantee the interviewees' possession of wide knowledge and experience in the student loan field and in their organization.

### **Organizations and interview respondents' selection**

According to the 'context' criteria, we will interview organizations in Mexico. Furthermore, because of the novelty in Mexico of a 'student loan' as a financial product, an assortment of only six organizations was constituted according to the other two mentioned above (core business and innovativeness). This pool of organizations was found in the National Commission for the Protection of Users of Financial Services (CONDUSEF, for its initials in Spanish) databases. Two out of these six leading organizations on the field were chosen, FINAE and EDUCAFIN. As our sample technique permits to have judgmental sampling, the justification of this selection lies on the nature of both entities, reminding that according to Mack (2005, p. 5) the size sample is dependent on the resources and time available as well as the study's objective. Also, this research deeply studies the details surrounding the phenomena. By doing so, we aim to avoid losing any possible insight. Moreover, adopting an interpretivist approach fits to the small size of the sample used in this thesis (Saunders et al., 2012, p. 140). Furthermore, a non-responsive analysis will explain more profoundly why these two organizations were enlisted to participate. An additional favorable fact for enriching our research is the difference in the nature of the organizations, since FINAE belongs to the private initiative, while EDUCAFIN has governmental origins. Therefore, this specific feature will allow us to perceive the same study from two different business origins.

From *FINAE*, Enrique Prieto, the Chief Finance Executive (CFO) who has been working for the company for two years; and Cristina Téllez, the Head of Investor Relations who has been working for the company for 6 years are going to be interviewed. In the case of this organization, and according to the care they expressed to have for the research, this firm believe it is more convenient to decide to participate with two top managers, instead of one, which was the initial number proposed by us. In view and care of *FINAE* itself, rejecting a second respondent was never an option. On the other hand, from *EDUCAFIN*, the Chief Executive Officer (CEO) Jorge Hernández, who has been working for the organization for 13 years, and has experienced all the changes that *EDUCAFIN* has had, will be interviewed. The interviewees from the participant organizations in this research will be referred to by their last name(s) as for now, as shown in Table 7.

<b>Respondent</b>	<b>Job Title</b>	<b>Organization</b>
<b>Enrique (Prieto)</b>	CFO	FINAE
<b>Cristina (Téllez)</b>	Head of Investor Relations	FINAE
<b>Jorge (Hernández)</b>	CEO	EDUCAFIN

**Table 7. Respondents and organizations**  
(Developed by authors)

### **Non-respondent analysis**

From the six assorted organizations, only the two of them accepted our invitation for participating in this research. This could have happened because at the time we needed to conduct the interviews, the closure of the labor year was about to occur. Moreover, this also may be the reason why we faced difficulty in setting an appointment with one of the two selected organizations, being that we only got the chance to do the interview after 5 attempts because of the time shortage managed from the respondent. For the four

remaining organizations, one answered the invitation with enthusiasm for participating. However, it was impossible to include this firm on the selection because their confirmation was completely due date. We acknowledge that contacting different organizations that are currently managing student loans, without this product to be the core business would have increased the generalizability of the results. However a change in this criterion could have risked the impact of the results, as importance is not paid to the communion between the business strategy, business profits, and the societal impacts while the core business is determined by the student loans themselves.

### *Secondary Data Collection*

The data that we analyze for this research, and that it is likely to have already been collected for other objectives is divided into three categories: documentary, survey and multiple source. The documentary data comprises magazines, newspapers, and video recordings; the survey data includes government’s censuses; and the multiple source is formed by data compiled, such as, industry statistics, and government publications. (Saunders et al., 2012, p. 307). Moreover, the motives for using secondary data are to conform a robust compendium of information that will be compared to the findings of this research (Saunders et al., 2012, p. 331). As a consequence, triangulation of information will be generated, which means asking if the data from the diverse resources convey the same conclusions.

### 3.3.2 Interview Procedure

#### *Interview Proceeding*

Prior to the interviews we collect information from the organizations’ websites. Further to this, the interviews were conducted via Skype (without the camera resource), allowing us to record the conversations and later transcribe them, always with the respondents’ permission, which is a supportive material for the data analysis. Moreover, the respondents had the freedom to select the day and time of their convenience. If changes were occurring in their agenda, we clung to the new appointment. Also, the respondents got the chance to decide on the location in which they planned to answer the interview. Both organizations selected a closed and private office to fluidly answer the questions without any interruption. After everything was settled, the interviews duration was about one hour for each organization. Although both organizations offered to share only 45 min each, during the ongoing communication they pleasantly accepted to continue sharing relevant information. Table 8 presents a summary of the record of the interviews conducted with both firms.

Organization	Respondent	Job Title	Interview Date	Interview Duration	Transcript number of pages
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<b>FINAE</b>	Enrique Prieto	CFO	2013-12-11	01:01:03	10
	Cristina Téllez	Head of Investor Relations			
<b>EDUCAFIN</b>	Jorge Hernández	CEO	2013-12-20	01:06:08	11

**Table 8: Respondent presentation**  
(Developed by authors)

Furthermore, during the interviews, the respondents were informed about their rights of confidentiality and anonymity to avoid an inferred consent. This occurred before and at the end of the interview. All of the respondents agreed on disclosing the information they were sharing, including their personal data, i.e., names, job title. No previous question guide was sent prior to the interview, as we aspired to tap into the interviewers mind-sets by discussing their insights from a variety of angles. Also, the participants were not previously informed about CSV to be tackled as the main theme of the research; instead, they were advised of the diverse topics around this theory, such as economic growth, and social impact. By doing so, it allowed us to avoid permeating on sensitive information that they might not wish, or are not empowered, to discuss with us (Saunders et al., 2009, p. 327). Moreover, along the interview, both organizations approved to keep on answering further complementary questions if they were coming up throughout the research development. The interviews were carried out with one interviewer each, providing the respondents with less space for feeling intimidated reflected on the transparency of their answers. Furthermore, the interviews were conducted in Spanish, the native language of both of the researchers, which provided this research with a highly understanding of the meaning of the given information. Another commonality, served as benefit, was sharing the same between the interviewer and respondent, enhancing superior results for the thesis.

### *Interview Guide Design*

The interview schedule (Appendix I) is designed with a guiding purpose in order to unfold key questions. This interview guideline has been designed in six interview themes as explained below.

### **Interview themes**

#### *(i) Introduction*

This section in the interview serves to gather general information about the organizations and the respondents in order to have a basic portray of the essential structure and objectives of the organization as well as the motives that both, the firms and the respondents have in order to develop their job. Additionally, we have space to clarify that the respondents will decide upon the anonymity of the data shared in the interviews.

(ii) *Economic impact of the firm*

These themes serve to identify what are the main arguments that the organizations have in order to generate an economic impact within the firm, to subsequently generate an economic impact outside the firm. Also, this section aims to present the main points within the business strategy of these organizations to generate value proposition under different time goals (short-term, middle-term).

(iii) *Social impact of the firm*

Being one of the key aspects of CSV, this theme initially aims to unleash whether the organizations are generating any social impact output or not. Also, we aim to discover what are the possible social effects produced within a short-term and long-term period, by the selected firms.

(iv) *Educational developments*

The aim of this theme is to identify the critical points referring to the educational progress that these organizations are triggering due to their managerial endeavors. Furthermore, it is also important to acknowledge the criteria that these firms are deploying in order to select the beneficiaries of the offered products. Under this context, different time goals pretend to be described to portray different pictures of the same situation in a short-term and a long-term.

(v) *Firm strategy*

These themes serve to identify, at a first glance, the design of the organizations' business strategies as well as the target market that they are chasing. The aim is to distinguish the different parties within the firm strategy participating in the value creation process of the organizations. This will facilitate the recognition of how the organizations, their beneficiaries, and their communities are involved to influence changes in the societal needs of the context these firms are embedded.

(vi) *Closure*

This theme will consist of expressing the concluding remarks that we will have as well as the respondents. Important insights on how the organizations are impacted can be highlighted. Finally, our thankfulness will be expressed to the organizations for the willingness and enthusiasm on participating in this research. There will be space for seizing again the opportunity for the organizations to take up or reject the decision regarding the anonymity of the data unleashed.

### ***Qualitative Interview limitations and overcoming them***

Some circumstances have delayed the applicability and execution of the interviews. We found two main limitations while conducting the interviews: interviewer bias, and response bias, which comprise four limitations. A wider overlook to these drawbacks will be further outlined

### **Interviewer bias**

When contacting the organizations to invite them to participate in this research, a possible interviewer bias could have occurred, because an in-depth interview always represents an intrusive process, adding the fact that we were aiming to have the acceptance of senior executives of the firms to participate (Saunders et al., 2009, p. 327). As the organizations were contacted via mail, the written communication could have produced in the respondents a lack of trust of the interviewee. Despite to this initial belief, after the organizations accepted to participate, and we had our first communication, a sense of trust and credibility was demonstrated to us accompanied with a very attentive position from the respondent's side.

### **Response bias**

“This bias may be caused by perceptions about the interviewer, as referred to above, or in relation to perceived interviewer bias” (Saunders et al., 2009, p. 326). The response biases are listed as follow: (i) nature of the organization, (ii) number of participants, (iii) time availability for conducting the interviews, (iv) time shift.

#### *(i) Nature of the organization*

The research is not quite based on data gathering, but it is a qualitative research based on the influence of the two different organizations and the societies in which they are embedded. Due to their different surroundings and populations in the two places, both of the two institutions have different focuses of their processes. This could cause bias in the findings because of delivering dissimilar information from both of the interviews. Conversely, it has been found that the differences in the nature of each of the selected respondents' organizations have offered to the research wider perspectives of the studied issue. On the one hand FINAE allow us to capture information from a private initiative, in which pursuing their social and economic goals may end up in a more aggressive strategy. On the other hand, EDUCAFIN is working in tandem with the government, which provides a scenario of a more dependent organization during the decision making process, as they expressed. Overall, both perspectives have proven the existence of a trend of connecting their organization success with social progress. Thus, the findings have been highly enriched due to the dual standpoint in tackling the same problem, issue of the discussion.

#### *(ii) Number of participants*

The initial proposal for conducting the interviews strived to have one top senior management per participating organization. For both confirmed organizations this was about to happen, as the interviewers were already confirmed. However, after knowing that the themes to tackle were about societal benefits besides the corporative topics, FINAE proposes to take part in the research by adding another top executive in the conduction of the interview. FINAE asserted that this second actor was an expert in societal benefits within the organization and justified an additional enrichment of the thesis results. In contrast to EDUCAFIN, FINAE was contributing with two mind-sets, which could have resulted in bias results because of offering better outcomes from the interviews. However, this situation was overcome while leading FINAE's interview, when both respondents appeared to be equally knowledgeable about the societal topic. Besides, for the rest of the

interview themes, the first respondent considered was mainly talking. Therefore, the difference in the interviews outcomes was not markedly extensive.

*(iii) Time availability for conducting the interviews*

This limitation criterion will be described regarding two viewpoints: one illustrating the difficulties presented while arranging the interview appointments, and the second one describing the restricted time while the interview was carried out. Concerning the first viewpoint, the interview with FINAE was easily settled up; however, the respondents needed to postpone the appointment to another day and time to adjust the meeting accordingly to their agenda. On the other hand, EDUCAFIN represented more difficulties while settling up the meeting as they changed the time and day several times. The fact that EDUCAFIN's nature is governmental, together with the fact that the selected respondent was the CEO and that the interviews were held nearly at the end of the year, have provoked multiple alterations to the meeting agreements, until the point in which the interview was almost called off. Overcoming this situation was a matter of an evident enthusiasm followed by an energized attitude from the respondent side, demonstrating at all times his real interest in participating with this research.

Regarding the second viewpoint, the one concerning about the time availability with respect to the phase in which the interview was running, difficulties were found mostly because of the high hierarchical level that the respondents possess within the organization, which limited their time availability. Stretching the time may make the respondents feel stressed out, which may have occurred specially with FINAE, because of a haste sense we felt they had. However, although, at the beginning of the interviews both organizations had planned less time than the one actually shared with us, the respondents kept an attentive track until the end by confirming the well understanding of the questions asked.

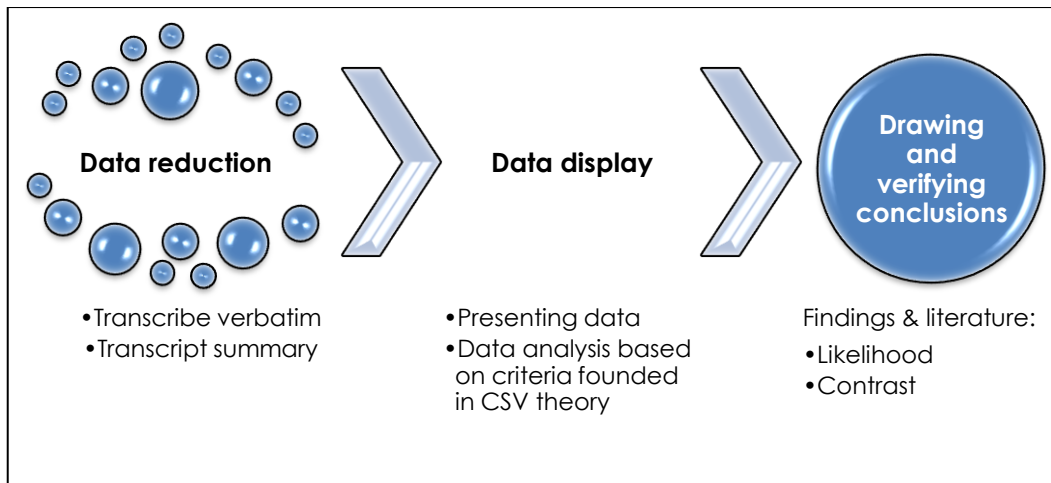
*(iv) Time-Shift*

Because of the location discrepancy between the Mexican respondents and the researchers located in Sweden, we experienced a time-shift of seven hours, leading in complications while organizing appointments for the interviews. With respect to FINAE's interview no problem was faced as the meeting was in a feasible time for both parties. Yet, EDUCAFIN's interview needed to be conducted at 1.00 a.m. European time, a difficult time for us. As the research was our prior interest, we accepted any day and any time for conducting the interview, letting the organizations to decide regarding the space available in their agendas.

### 3.3.3 Data analysis

The data obtained from the interviews will be coded and analyzed using the 'data display and analysis' technique, which is a generalized and interpretative approach for qualitative data collection (Saunders et al., 2012, p. 557). This choice is consistent with the research philosophy (subjectivism and interpretivism), the research strategy (case-study), and the nature of the data collection method (semi-structured interviews) described in this investigation. All of these elements within the research follow a social constructionism approach. Social constructionism states that the meanings depend on social interpretation (Saunders et al. 2012, p. 546). Moreover, the adopted inductive approach of this research is an additional element that is compatible with the 'data display and analysis' technique

(Saunders et al., 2009, p. 505). The ‘data display and analysis’ technique consists of three stages: data reduction, data display and data drawing, and verifying conclusions. Figure 10 helps on illustrating the process undertaken in this research.



**Figure 10: Data analysis**  
(Developed by authors)

The first step, ‘data reduction’ includes transforming the information and condensing it (Saunders et al., 2012, p. 564). First, we verbally transcribe the records of the executed interview to fully capture all the information of the two interviewees. Thereof, we summarize the key points of the interviews. For this step, Saunders et al. (2012, p. 564) claim that any method of summarizing data can be deployed to condense the information gathered. Therefore, we opt for using the transcript summary method, which consists on the reduction of the statements posited in the interviews’ answers as well as the registration of anything occurring aside these responses (Saunders et al., 2012, p. 564). A summary of the transcripts can be found attached to the Appendix II and III.

For the second stage, ‘data display’, the findings of both cases will be unleashed in tables as suggested by Miles and Huberman (2009, cited in Saunders et al., p. 503). The information will be organized in matrices that will show the results of each organization in the study. Each of them is specialized in showing data about each of the three key concepts based on CSV foundations, which are highly connected to the theoretical framework, as the point of departure for the analysis. These are ‘the perspectives of CSV’, ‘the building blocks for CSV’, and ‘the three methods for Creating Shared Value’.. Finally, a narrative summary of the information illustrated in the charts will be presented in order to support the reasons why the data needed to be allocated in a specific category. A crosscheck revision between the condensed data of both of the organizations will allow us to identify patterns within the findings. The resulted information from this stage of the ‘data display and analysis’ can be found in the ‘Empirical Findings’ chapter.

For the third and last stage, ‘drawing and verifying conclusions’, we will ensure the correct linkage between the empirical findings, analysis of the results, and the literature to describe the likelihood and contrasts amongst each other. Simultaneously, throughout the development of the ‘data analysis procedure’, we will ensure that each of the research

objectives are achieved by developing every part of this data processing section according to the theoretical framework.

### 3.4 Research data credibility

The criteria used to assess the quality of research for a qualitative study with semi-structured interviews that are fitting to our research strategy are: credibility, transferability, and dependability and conformability. The aim of this section is to offer elements allowing the reader to accept our research as credible (Saunders et al., 2012, p. 194) by reducing the interviewer bias as well as improving the organization and analysis of data.

#### 3.4.1 Credibility

Credibility refers to the “adequate representation of the constructions of the social world under study” (Bradley, 1993, p. 436). Credibility is established in many ways in this research: during the interviews, the interviewer is testing the understanding that the participants have towards the question, by discussing the responses before exposing the answer. Additionally, the interviewer is rephrasing the words that the participants have revealed. Hereafter, to provide transparency, the collected data is recorded to preserve all the information exposed by the participants. Triangulating information with secondary data provides information that will enhance a cross-check-up with respect to the data gathered by the respondents. Moreover, to mitigate an uncertainty in the research credibility, one of us expressed to have an extensive contact with the phenomena of social impact in Educational sector in Mexico.

#### 3.4.2 Transferability

Transferability refers to the ability of the research to be applicable to other settings (Ballinger, 2006, p. 8). Transferability is represented in this thesis by the wide description offered in the ‘Research Methodology’ chapter, which is accomplished by providing a rich and thick description, which is used to convey the findings. However, it is not our purpose to generalize the findings.

#### 3.4.3 Dependability and Confirmability

Dependability refers to “the coherence of the internal process and the way the researcher accounts for changing conditions in the phenomena” (Bradley, 1993, p. 437). Confirmability refers to “the extent to which the characteristics of the data, as posited by the researcher, can be confirmed by others who read or review the research results” (ibid). For both purposes, the research receives extensive triangulation coming from secondary data as well as the feedback from our colleagues, scholars, and our supervisor. Moreover, two experienced PhD seniors (more than 15 years of experience) in the educational sector in Mexico crosschecked and compared the research to provide external auditing.

### 3.5 Ethical considerations

Ethics in research refer to the code of conduct that guides our behavior in relation to the rights of those who become subject of study, or are affected by it (Saunders et al., 2012, p. 226). Thus, this study is strictly following the ethical code of conduct of Umeå University. Some of the general ethical principles are followed throughout this thesis (Saunders et al., 2012, p. 231). During the outset of this dissertation, integrity and objectivity are present as well as the recognition of responsibilities from the participants. While designing this research, consent and confidentiality are significant issues, as this study is requiring participation of human subjects; aim and purpose will be communicated to the participants through an invitation letter sent via e-mail. The letter lists the contact information of the researchers and further details about the dissertation. By providing this relevant information, the interview participants will be aware of the study, prior to completing or sharing any information. Once this happened, they are able to accept or even to deny their participation. Besides detailing the needs and purpose of this study and the involvement of the researchers, this document protects researchers from false accusations by ensuring the awareness of both researchers that each respondent fully understands the purposes of the dissertation. In addition, because the interviews are recorded, this informed consent discloses a promise of confidentiality and protects participants from potentially harmful consequences (Saunders et al., 2012, p. 233).

During the analysis and reporting phase, the objectivity remained by covering all the aspects of the interviews while processing the information. The recorded files of the interviews consisted on complete talks without dismissing any parts of the conversation. All study data will be kept in locked electronic files and will be destroyed after a reasonable period of time. To the interview participants, an interview summary will be handed over and, data will only be disseminated to the professional community.

## 4. Case Study

This chapter attempts to provide an overview of the context in which the case studies are embedded. Moreover, economic facts as well as educational statistics of the selected country from which the cases are taken, aim to be presented as evidence that depicts a substantial problem affecting the educational sector. This helps in contextualizing the reality in which this thesis has been developed. Furthermore, two holistic case studies, presenting two different organizations immersed in the Educational and Financial sectors, will be presented. The ‘Case study’ chapter also attempt to offer information that serves as the application of the decisions explained in the ‘Data collection’ section of the ‘Methodology’ chapter.



**Figure 11. Thesis structure. Case Study**  
(Developed by authors)

### 4.1 Education in Mexico

The world is full of diversity in every possible way: gender, race, nationalities, languages, cultures, etc. All of these distinctions are enjoyable; yet, the difficulty lies on talking about economic diversity. The world’s population of 2012 has been around 7,046.4 million inhabitants, of which just 18.5% live in privileged economic conditions and 81.5% live in diminished conditions (WBO, 2013). This global reality may be just the reflection of what is occurring in every country separately.

According to Albornoz et al. (2010, p. 112) Mexico is one of the nations that belong to the group of countries that were found to have remarkable unequal welfare distribution. Mexico’s total population counts around 118 million inhabitants, where 10% earn the 43.1% of the national income, and 20% of the population represents the poor strata, earning just 3.1% of the national income (WBO, 2012). With a weak economy, most of Mexico’s population is associated with little access to the fundamental social rights, such as health, social security, feeding, and educational lagging (Albornoz et al., 2010, p. 114). In 2010, ca. 32 million inhabitants represented the Mexican education lagging population, meaning that these individuals hadn’t had access to the educational sector at all (Narro, 2012), which represents the entire population of Canada (WBO, 2013). Moreover, according to FINAE (2013), Mexico has 7 million inhabitants, between 19 and 24 years old, who are outside of the educational system, which equals almost the total population of Switzerland, or the total population of Chicago. Education allows individuals to move out from poverty to a socio-economic insertion so that they can access improved economic opportunities (UNESCO, 2013; Causa, 2010). The lack of social mobility is attributed to an unequal distribution of national resources. Thus, Mexicans with a low socioeconomic status do not have the resources they need to improve their living standards (OECD, 2007, p. 38).

The Mexican economy is strongly affected by this situation, as no country can attain a consistent economic growth, thus political stability and democracy, without achieving at least a 40% literacy rate among its adult population (OECD, 2007, p. 71). A politically stable country promotes a favorable environment for individuals to engage in diverse investment activities that can contribute to Mexico’s economic growth (Tatto, 2007, p. 241). For instance, a Mexican who lacks education may receive up to 12,000 USD less income per year than one with a higher educational level (Montes, 2013).

Conversely, the Mexican Government does not have the financial capacity to fulfil its entire population with education (OECD, 2010): 70% of the Mexican population is not able to access the educational system, which equals the total population of Holland, Portugal and Sweden together (WBO). Additionally, the OECD (2010) investigated that the average investment of the Mexican government per student is 2,137 US dollars (USD) (depending on the education level). According to the OECD (2010), this information is evidently showing how much weaker the educational sector of Mexico is, in contrast to many other countries. For instance, Mexico’s average investment in high-level education is about 5,000 USD per student, while in other countries this amount is reported to be 9,000 USD per student. Overall, owing to these circumstances Mexico’s situation is not favorable in terms of education.

**4.2 Case selection**

Two organizations are considered to participate in this study: FINAE and EDUCAFIN. Following information about the organizations has been compiled from their websites as well as from the answers received from the executed interviews. Table 9 presents a summary of the profiles of these organizations.

Organization	Founded	Nature of the organization	Main activities	Socio economical stratus target
<b>FINAE</b>	2006	Private initiative	Student loan	Mainly in middle stratus
<b>EDUCAFIN</b>	1999	Governmental	Student loan mixed with social programs	Any stratus

**Table 9. Profile of the selected organizations**  
(Developed by authors)

**4.2.1 FINAE**

In 2006 FINAE was founded in Mexico as a pioneer in its field. Amongst numerous financial groups that had unattended a gap of financial clients represented by the student community, FINAE took a different perspective towards this gap. While the financial entities were focusing on allocating commercial loans, FINAE developed the first product in Mexico to tackle the lack of educational inclusion as well as the educational desertion

provoked by scarce financial resources. The main purpose of FINAE is to provide scholar loans to talented students, who do not have the sufficient financial capacity. This means that FINAE's target market mainly consists of the middle socio economic strata. FINAE's CEO, Francisco Vizcaya, who took some strategic insights from other countries and other organizations that have already succeed with similar products, has encouraged this business idea. Additionally, his broad experience in the financial sector and the support from researches done in Mexican Educational mobility allowed him to internally allocate the sourced ideas taken from abroad in order to plan a sustaining success. FINAE has rapidly gained a strong position and has been able to penetrate one of the largest pools of scholars. Consequently, 4,440 students have benefited from these services. Due to FINAE's success, the need of increasing its financial supply is one of the main concerns for the organization. This provides them with the economic proxy to offer their product through different routes, such as universities, thus fulfilling the desire of the focused market. Impact investors and other national and international decentralized organizations, such as the Inter-American Development Bank (IDB), have been summed up to the group of entities aiding in the accomplishment of FINAE's objective. This innovation on FINAE's inner processes has attained the goal of creating long-term value to the beneficiaries. Following the same line, FINAE had its first incursion in the Mexican Stock Market during the summer of 2013, allowing them to commercialize its entire entrepreneur business innovative strategy. FINAE is rated 5 out of 5 by the Global Impact Investing Ratings System (GIIRS), a metric that evaluates the social and environmental impact of organizations. (FINAE)

#### 4.2.2 EDUCAFIN

EDUCAFIN, is a decentralized government organization. "EDUCAFIN seeks options for financing the education, creates alliances with other similar institutions and provides educational information" (EDUCAFIN). EDUCAFIN was founded in 1999 with a different conception of what currently the organization is. Taken the idea from a Latin-American pioneer student loan firm, EDUCAFIN, at former times, started its operations with the purpose to encourage education by offering scholarships. They continued operating with this focus, until they realised the excessive finance weight this meant for their organization. External specialists determined that the company needed a distinct student loan as the main product in order to cover the organization's objectives without sacrificing financial concerns. EDUCAFIN is targeting any socio economical stratus; however the majority of their beneficiaries are part of the middle-low strata. Today, the innovation in EDUCAFIN's business processes has produced extensive benefits, so that they are currently offering several types of student loans covering all aspects of an individual's education: universities, studies, training, and languages. However, EDUCAFIN brought out 21 scholarships that they are currently promoting as well as social programs run by the beneficiaries to create social value. The features of the product that they are offering include a pile of different ways to access the service as well as for paying it regardless of the credit history of the candidate. However, the most innovative feature that EDUCAFIN's product offers is the facility given to certain and specific users to pay their debts in kind, which means, with social work. Their current situation as well as EDUCAFIN's future is supported by a family of organizations conformed by experts of Educational themes enabling EDUCAFIN to steadily be up to date with the community

needs. Nowadays, because of its success, EDUCAFIN counts with numerous successful testimonials from ex-beneficiaries. For instance, two students with earlier poor development opportunities have been now accepted in Harvard and in Oxford University (EDUCAFIN).

### 4.3 Coupling 'organizations sample criteria' and 'organizations selection'

According to the organizations sample criteria, FINAE and EDUCAFIN are suitable for the purposes of this research. The accomplishment of the proposed criterion expressed in the preceding chapter has portrayed the correct organizations selection for this research work. This section will discuss the existent linkages between the organizations' sample criteria and the organizations' selections. The information will be presented according to the sample criteria established in the Methodology chapter.

#### (i) Context

Previous information in this chapter enabled the reader to have a deeper appreciation of Mexico's societal need in the field of education. The educational lagging and an elevated lack of literacy in Mexico as well as the government's incapacity to face these challenges, clearly demonstrate the extensive gap prevailing in the Mexican Educational sector. This has been undoubtedly accompanied by a low economic growth, the high unequal welfare distribution as well as little basic rights offered to the community. Following this line, the selected organizations, FINAE and EDUCAFIN, are immersed in a Mexican context.

#### (ii) Core business

The information above highlights that both firms, FINAE and EDUCAFIN, exclusively possess the student loan as the core business, enabling them to be properly enlisted for participating in this research. However, on one hand, FINAE has merely developed this product as their unique one, while on the other hand EDUCAFIN presents a different offer to the beneficiaries, such as the development of social aid programs. EDUCAFIN's premium product is the student loan; however, this organization suggests complementary propositions; for instance, the development of social programs. We acknowledge that this situation can cause EDUCAFIN to be offside to contribute to this thesis, as it shares different endeavors with the proposed core business, the student loan. However, care must be taken to notice that the other cores that EDUCAFIN is focusing on are completing the social impact that they are generating as an entity. Therefore, more than affecting the organization selection process, it can be a highlight point in which EDUCAFIN is relaying to social contribution.

#### (iii) Innovativeness

Both organizations, FINAE and EDUCAFIN, are considered to be innovative because of key elements that have been found in their business strategies. FINAE uses several elements of externally sourced ideas. First, many ideas have been taken from the CEO's previous experience as a financial expertise, which allowed him to overview how student loans are carried out in other countries. Moreover, his business idea has been supported by several researches done in the 'Mexican Educational mobility' field, enabling FINAE to

possess a keener business viewpoint from external ideas. Likewise, the design of FINAE's business processes has been built in an innovative manner because of several impact investors that are included in the supply chain management, adding a substantial value to their final products. Conclusively, FINAE commercializes their products through Universities, which are constantly encouraging the student to acquire this educational credit. According to section 3.3.1.1 from this thesis, 'Commercializing reinvention' is an important factor when it comes to define organization innovativeness.

EDUCAFIN's effort to cover as many educational services as possible in favor of their beneficiaries has pushed them to think in unconventional manners. While EDUCAFIN is having a governmental nature, they have faced a severed problem of innovation, which was tackled with ideas collected from homologous organizations established in other Latin American countries. These ideas comprise the well-crafted endeavors undertaken in order to build-up a business model as the one that EDUCAFIN currently has, i.e., provide student loans with facilitating conditions. Moreover, EDUCAFIN has an extensive body of external expert advisors endorsing the decisions taken inside the organization, providing them with externally sourced ideas that reinforce the firm's innovativeness, while at the same time triggering improvements in the firm's business processes. One of them is the solution offered to the beneficiaries to pay for the services offered by EDUCAFIN through social work, which is building a wide network of innovation through processes.

## 5. Empirical findings

The purpose of this chapter is to present the empirical information of this study within the Educational sector that has been gathered through expert interviews with senior executives in both case study; in other words, once the methodology was applied. Information regarding the theoretical framework will be presented continuously along this chapter.



**Figure 12. Thesis structure. Empirical findings**  
(Developed by authors)

This section will present the key data from the information that both participating organizations have shared along the interviews. Within these sections, the information will be split into two subdivisions; each of these subdivisions will refer to one of the participating organizations, and each organization will have the display of empirical findings according that fit into CSV framework proposed in the theoretical framework of this research.

The distribution of the information will be portrayed in matrices, based on the adapted framework to adapt CSV into an organization strategy: Organization Perspectives, 10 Building Blocks, and the three Methods for Creating Shared Value (according to Table 10). The matrices include a first column with the key findings, followed by a second column where the findings are identified as belonging to one or more of the 10 Building Blocks according to the nature of the finding. The findings can be repeated, if these support the characteristics of more than one Building Block; and, where there are no findings that fit into one of the Building Blocks, the cell is left with a “-“ mark. A third column is added in order to identify the Perspective of the organizations according to each key finding. The fourth column serves to identify which of the three methods of Creating Shared Value is applied by the organization. The following table describes the codes that will be used in the matrices:

Perspective	Method of Creating Shared Value
EF: Economy-First MD: Mission-Driven	PM: Reconceiving Products and Markets VC: Redefining Productivity in the Value Chain CL: Enabling Local Cluster Development

**Table 10. Codes to be used in the Key Findings Matrices**  
(Developed by authors)

## 5.1 FINAE: Key Findings

Key Findings	10 Building Blocks	Perspective	Methods of CSV
Objective: to provide financing to students that lack resources to access higher education	Vision	MD	PM
Investors are willing to sacrifice part of the return, so the interest rates can become accessible	Vision	MD	PM
Impact investments are fully from private investment.	Vision	MD	PM
Funds are obtained through financial engineering	Vision	MD/EF	PM
Products without return are not offered	Vision	MD/EF	PM
Objective: to provide financing to students that lack resources to access higher education	Prioritize key SV Issues	MD	PM
Win-win situation for all the partners and stakeholders: universities, investors, employers within Mexico, and students	Prioritize key SV Issues	MD	CL
Objective: to provide financing to students that lack resources to access higher education	Set specific ambitious goals	MD	PM
Investors are willing to sacrifice part of the return, so the interest rates can become accessible	Set specific ambitious goals	MD	PM
Standardized procedures to approach potential investors	Deploy a wide range of assets to address the issue	MD/EF	-
Services include education to manage personal finances for students	Manage efforts holistically across the organization	MD	PM
Every operation has a final objective to impact the society	Manage efforts holistically across the organization	MD	PM
Continuous search for investors interested in both financial and social returns	Collaborate with partners	MD	PM
Win-win situation for all the partners and stakeholders: universities, investors, employers within Mexico, and students	Collaborate with partners	MD/EF	CL
Adherence to international social impact qualification standards from renowned organizations	Measure progress on key indicators	MD	-
Social impact is quantified to measure the contribution of poverty, increase opportunities, and favor the equality of genders	Measure progress on key indicators	MD	-
Measurement standards include policies, corporate governance, administrative performance, and personnel quality.	Measure progress on key indicators	MD	-
Investor demand statistics and metrics that quantify the investment impact, according to beneficiaries' genders, social status, geographical	Measure progress on key indicators	MD	-

Investors choose where to invest according to social impact measurement standards	Learn from measurement to improve efforts	MD	PM
Impact investments are fully from private investment. It is profitable, scalable, self-sustainable, and replicable	Address issues at scale	MD/EF	-
Their contribution to accessing higher education leads students to get better jobs, better wages, and the government to benefit from more taxes for retribution to the society	Address issues at scale	MD	-
Scorings are updated and published periodically to the investors	Communicate progress to internal and external audiences	MD	-

**Table 11. FINAE: Key Findings**  
(Developed by authors)

### 5.1.1 Economic-First Perspective

From this perspective, FINAE demonstrates that in their *vision* they are focused into the economical results of the organization. Prieto explains that “investors and associates require both financial and social return”, hence the organization is not only mission-driven. From the pillar of *ambitious goals* the organization can also be considered economic-driven as Mr. Prieto explains that “they continuously search for investors with the objective of providing a financial return and a quantified social return. Besides these two building blocks, there is no other evidence that matches the characteristics of an economic-first perspective organization.

### 5.1.2 Mission-Driven Perspective

From the pillar of *vision*, FINAE focuses on solving the educational social needs. In the vision pillar, according to Prieto, there are several items that match the organization into this perspective: “There are many investors willing to sacrifice part of the return so that the education problems can be solved. (Examples: Finance Bank, Ashoka, Crédit Suisse, Media Network). They choose where to place their Money through the social impact measurement standards. That’s why we are committed to undergo through all those metrics, even if it implies extra work”. In addition, when the organization set its vision it also defined the design of the product: “We design the financial products and they place them for sale in the market. The difficult part is obtaining the funds, which they perform through financial engineering” (Prieto).

For the second pillar of *prioritizing key shared value issues*, according to Prieto FINAE “offers extremely low interest rates so that students can pay for the loans. We do not give scholarships because all our funding would be gone quickly. It needs to be a business, and a sustainable one”. This statement is supported by Téllez comment about their contribution to society: “We provide a solution to the problems of education, with educational financing which has been a solution here and in other nations”.

For the pillar of *setting specific ambitious goals*, this organization “continuously search for investors with the objective of providing a financial return and a quantified social return” according to Prieto, and they “need to have social impact metric and ratings because investors demand them”, which is linked to the goals as these need to be measured in order to confirm they are achieved.

The *deployment of a wide range of assets to address the issues* pillar is matched by the findings in the interview. Prieto explains that “foreign investors are interested in statistics and metrics that quantify the impact on their investments according to genders of the beneficiaries, their social status, geographical distribution, and others”. This organization generates ‘impact investments’, which are investments that “aim to solve social or environmental challenges while generating financial profit” (GIIRS, 2012). Their impact investments are “100% from private investment. It is profitable, scalable, self-sustainable, and replicable”.

*Managing efforts holistically across the organization* is a pillar that EDUCAFIN also covers. It is clear that they integrate different rolls and functions in the organization, as “all of our operations are directed to solve a societal issue, more than searching for profits”, which confirms Hernández. The organization goes beyond their loan services since they “also educate students so they learn how to make use of their credit and to find a job”, which implies making use of staff in the organization to provide the extra education service.

The *collaboration with partners* pillar is as well matched by FINAE, as one of their strategies is to have partnerships with universities: “we share costs and risks, and together we seek how to scale the solutions for educational issues” explains Prieto.

In regards to the pillar of *measuring progress on key indicators*, Prieto is clear about the metrics that the organization must adhere to: “we need to have social impact metrics and ratings; investors demand them”. This measurements are linked to the pillar of *learning from measurement to improve efforts*, as FINAE is “also measured on our social impact, which is quantified in order to tell to what extent we contribute to reduce poverty, increase opportunities, and favor the equality of genders”.

The organization *addresses issues at scale* according to Prieto’s statement: “we have opportunities to scale our operations to South America and Malaysia”, as they are already on a national level and their intention is to keep expanding.

The last pillar, *communicate progress to internal and external audiences* is also checked by the information provided by FINAE, where Prieto stated that they “follow social impact qualification standards from renowned organizations like Standard & Poors, & Poors, Moody’s, Fitch, and Gears. They evaluate our policies, corporate governance, administrative performance, and the quality of our personnel.

### 5.1.3 Impact of Methods for Creating Shared Value

#### ***Reconceiving Products and Markets***

The following comments from Prieto & Tellez have been identified as statements that can be analyzed to assess FINAE's practices for *Reconceiving products and markets* to generate impact on the firm, on the economic, social, educational and strategic levels.

*Social impact of the firm:* Prieto explains that FINAE “generates economic growth by providing financing products to students with the least resources”, which is done through their financial products. Prieto also supports that FINAE generates an economic impact when he comments about the results of their products: “people receive higher education, get better jobs and therefore better wages. If there are higher wages, there are more taxes paid to the government, and then everyone is benefited”. Téllez also commented that the organization “also educates students so they learn how to make use of their credit and to find a job” which is a parallel activity that affects the labor market in Mexico, and consequently the economy is affected. An additional comment that confirms the economic impact of FINAE is that “they offer extremely low interest rates so that students can find the loans affordable”, which results into more students accessing educational programs, and consequently they are able to provide positive inputs to the economy. Prieto demonstrates that the products and services that FINAE offer generate social impact: “all of the operations are directed to solve a societal issue. By providing access to education, we help students to aim higher goals and live healthier lives”.

*Educational Developments:* Prieto states that with their products they improve access to education by “focusing on meeting the needs of a pool of 7 million young adults who do not have the resources to pay for higher education”. The aforementioned comment is also an evidence that FINAE is redefining a new market, as they are reaching the pool of people who do not have solutions for their education problems. Educational development is also aimed with the increase of social mobility: FINAE is “increasing the probabilities that – through today's generations- future generations can reach at least an undergrad degree”.

*Overall Firm Strategy:* According to Prieto, FINAE has a strategy of private investments that are profitable, scalable, self-sustainable, and replicable. They “follow social impact metrics and quantify their contribution to reduce poverty, increase opportunities, and favor the equality of genders”. Furthermore, the CEO indicates that as part of the strategy “they have performed a thorough financial engineering, by designing the financial products and they place them for sale in the market to obtain the funds they require”.

#### ***Enabling Local Cluster Development***

The following comments from Prieto & Tellez have been identified as statements that can be analyzed to assess FINAE's practices for *enabling cluster development* to generate impact on the firm, on the economic, social, educational and strategic levels.

*Social impact of the firm:* According to Prieto, “the Increasing access to education results in a winning situation for different entities: The students win, universities win, employers win, and our investors win. This is definitely more than social responsibility”. This comment is explicit with the remark that all the parties with which FINAE works are

winning, therefore this winning practices can be identified as part of a local cluster development. Prieto adds that “Investors and associates require social return, not only financial return”. With this statement, Prieto reveals that the social impact is a ‘must’ in the results of the organization.

*Educational developments:* FINAE has partnerships that are providing them of financial supply in order to operate accordingly to the educational demand. These partnerships can be identified as a method to develop clusters.

*Overall firm strategy:* Following their strategy, this organization has “partnerships with universities, seeking to scale solutions for education issues”, explains Prieto. The following statements are also identifying the development of a cluster, from a perspective of the organization’s strategy: Foreign investors are interested in statistics and metrics that quantify the impact of their investments according to genders of the beneficiaries, their social status, geographical distribution, and others. There are many investors willing to sacrifice part of the return so that the education problems can be solved. FINAE has to maintain social impact metrics and ratings; investors demand them They follow social impact qualification standards from renowned organizations like Standard & Poors, Moody’s, Fitch, and Gears, who evaluate their policies, corporate governance, administrative performance, and, the quality of their personnel. They receive scorings and update them periodically and publish them to their investors.

## 5.2 EDUCAFIN: Key Findings

Key Findings	10 Building Blocks	Perspective	Methods of CSV
Main objective: To increase the matriculation numbers, efficiency, and performance of students.	Vision	MD	PM
Market: Middle class	Vision	MD	PM
Origin of funds: Taxes, which are reattributed by providing financial solutions to access education	Vision	MD	PM
The access to education through their financial products generate a higher amount of qualified people that can create value for the society	Vision	MD	PM
Continuous endeavors to identify and meet the market needs, by periodical revision of credit policies and design of new programs	Prioritize key SV Issues	MD	PM
Offer of financial products for diverse educational programs	Prioritize key SV Issues	MD	PM
Possibilities for students to pay their loans with personal services or other means leads to sharing value among different sectors or institutions, creating networks and future opportunities	Prioritize key SV Issues	MD	PM
In occasions, credits are only partially paid by the	Prioritize key SV	MD	PM

customers, and partially paid by the government.	Issues		
Filters are not applied for granting loans, which widens the opportunity for students to access several education institutions	Prioritize key SV Issues	MD	PM
An even geographic distribution of the financial products is secured	Prioritize key SV Issues	MD	PM
Customers are invited to design and execute a social project, motivating them to generate more value for others	Prioritize key SV Issues	MD	PM
Students are offered different alternatives for paying their credits: with labor hours or activities that create value for the society.	Prioritize key SV Issues	MD	PM
The products and services contribute to improve different professional skills of students	Prioritize key SV Issues	MD	PM
-	Set specific ambitious goals	-	-
Original funds: From the government. Current funds: From external actors interested in the end results of the organization; occasionally from the government	Deploy a wide range of assets to address the issue	MD / EF	PM
-	Manage efforts holistically across the organization	-	-
Existent alliances with universities and educational institutions that enable to provide education on different levels	Collaborate with partners	MD / EF	CL
There is room for improvement to follow up on former customers and their success stories.	Measure progress on key indicators	MD / EF	-
-	Learn from measurement to improve efforts	-	-
Contributes to the society with more options of qualified and skilled people that create value for the society	Address issues at scale	MD	-
-	Communicate progress to internal and external audiences	-	-

**Table 12. EDUCAFIN: Key Findings**  
(Developed by authors)

### 5.2.1 Economic-First Perspective

From this perspective, the answers that Hernández (2013) has provided EDUCAFIN do not demonstrate that any characteristic of the organization's strategy match the CSV building blocks as an economic-first organization. Almost all of the answers that the Hernández has provided fall more into the Mission-Driven perspective.

### 5.2.2 Mission-Driven Perspective

From the pillar of *vision*, EDUCAFIN is directly focusing on solving the educational social needs. In the vision pillar, according to Hernández, their main objective is “to increase the matriculation numbers, efficiency, and performance of students”. EDUCAFIN started as a governmental autonomous organization’ that “started with funding from the government as an initial capital, and currently they receive capital from the government only occasionally”. The mission-driven perspective is also reflected in the vision the organization has, supported by the statement: “· EDUCAFIN survives under its own financial operation without the government”, which means that even when the financial structure is not working as the organization envisioned, they have kept their operations to accomplish their objective.

For the pillar of *prioritizing key shared value issues*, there are several findings from the interview with Hernández that identify the organization as matching their strategy into this pillar. “The result of their products and services is a pool of more people with appropriate skills for the different labor markets”, explains Hernández, and this pool of skilled people he talks about is a key shared value generated from the organization's activities, which is supported by the following comments: “the different types of educational programs enable profiles to match job vacancies”; “possibilities of payment in species leads to sharing value among different sectors or institutions, creating networks and future opportunities”; “we provide educational credits, for which we charge a minimum interest rate”. Even more, EDUCAFIN's credits are “sometimes only partially paid by the customers, and partially paid by the government”, which demonstrates that the organization has as a priority the creation of shared value for the society from the credits they provide, even if they do not get the payments. However, the last comment also serves to identify the absence of the creation of shared value for the growth of the organization. Furthermore, the absence of shared value towards the organization is confirmed when Hernández states that “They do not apply filters when giving out credits, so the student can study in any university or institution without the risk of not being admitted at a certain institution and therefore not being able to pursue the studies”. From these statements, it has been identified that creation of value exists or the society, but the creation of shared value for the organization is limited as they “count with financial supply from external actors”, which means that the organization is not generating its own financial supply.

For the pillar of *setting specific ambitious goals*, we can use again the comment that their main objective is “to increase the matriculation numbers, efficiency, and performance of students.” In this objective, however, the accountable characteristics cannot be identified, as the objective does not include a measurable description.

The *deployment of a wide range of assets to address the issues* pillar is matched by the findings in the interview. Hernández states that “they count with financial supply from external actors”, and their origin of funds comes from “taxes, which are paid by society, and they are reattributed to society with financial solutions for education”. Furthermore, the organization includes its customer as assets that create shared value, because they have a program in which “they invite their customers to design and execute a social impact project, enabling that the ones who received value generate more value for others”, according to Hernández.

*Managing efforts holistically across the organization* is a pillar that EDUCAFIN also covers. They integrate several roles and functions across the organization, mainly because “they continuously check their credit policies, design new programs, and are close to their market in order to identify their needs”, according Hernández. In addition, the joint work of all the different functions is identified in their results of having “started financial products for languages and other trainings that make a difference in the customers’ profiles”.

The pillar of *collaboration with partners* is clearly covered. EDUCAFIN has alliances with universities and educational institutions, they count with financial supply from external actors, and in conjunction with other academic institutions, and they provide education on different levels. In addition, they create more collaboration by offering “possibilities of payment in species, which lead to sharing value among different sectors or institutions, creating networks and future opportunities”, explains Hernández.

Nevertheless, the pillar of *measuring progress on key indicators* cannot be completely identified as present in EDUCAFIN’s strategy. Even when Hernández explains that “the result of their products and services is pool of more people with appropriate skills for the different labor markets”, it was unclear in the answer how they quantify the pool of skilled people, and overall the interview findings the specific measurement activities are not specified. However, Hernández realizes that “there is room for improvement to follow up on former customers and their success stories”, which is an attempt to *learn from measurement to improve efforts*; and it only needs to identify how is customers’ success measured by EDUCAFIN.

The organization *addresses issues at scale* as they “provide education on different levels” leading to a “pool of more people with appropriate skills for the different labor markets”. Hence, Hernández confirms that their scaling is by offering services that widen the educational levels and diversify labor skills, and they look to distribute them on an “even geographic distribution”.

In regards to the last pillar, *communicating progress to internal and external audiences*, Hernández did not provide a clear evidence on whether the organization’s progress is being communicated in official or periodical manners to the external audiences. However, it can be implied –by general knowledge- that they carry out communications with external audiences because they are supported by “external actors”.

### 5.2.3 Methods of Creating Shared Value

#### *Reconceiving products and markets*

The following comments from Prieto & Tellez have been identified as statements that can be analyzed to assess FINAE's practices for *Reconceiving products and markets* to generate impact on the firm, on the economic, social, educational and strategic levels.

*Social impact of the firm:* The following comment from Hernández indicates that the products EDUCAFIN offers are customized: "Sometimes the credits are only partially paid by the customers, and partially paid by the government". The word "sometimes" implies that the credits are generally fully paid by the customers, which could be identified as a way to redesign their products.

It has been identified that EDUCAFIN generates social impact through the reconceiving of markets, as Hernández explains that the main objective of the organization is: "to increase the matriculation numbers, efficiency, and performance of students." They do not apply filters when giving out credits, so the student can study at any university or institution without the risk of not being admitted at a certain institution and therefore not being able to pursue the studies". The lack of filters increases the amount of students that can access the credits, and therefore the market becomes special for the organization. The following comments also support the market approach that EDUCAFIN applies to generate social impact: They look for an even geographic distribution of their financial products. EDUCAFIN contributes to the society with more options of qualified and skilled people that have received education and that therefore can create value for the society. Moreover, through the services they offer, they invite their customers to design and execute a social impact project, enabling that the ones who received value generate more value for others. They provide alternatives for paying their credits: with labor hours, activities that create value in the society (e.g.: teaching others to read), or assets.

*Educational developments:* Product Reconceiving is clearly identified from Hernandez comments on how they "continuously check their credit policies, design new programs, and are close to their market in order to identify their needs". This interest from EDUCAFIN in meeting the customers' needs is an evidence of the educational developments they generate through their 'new programs'. Furthermore, they have "financial products for languages and other trainings that make a difference in the customers' profiles, which is also a contribution to the education sector.

*Overall strategy:* Hernández commented that their strategy consists on providing "educational credits, for which they charge a minimum interest". EDUCAFIN "continuously check their credit policies, design new programs, and are close to their market in order to identify their needs. We started with funds from the government as an initial capital, and currently they receive capital from the government only occasionally. EDUCAFIN survives under its own financial operation without the government."

### *Enabling Local Cluster Development*

The following comments from Hernández (2013) have been identified as statements that can be analyzed to assess EDUCAFIN's practices for *enabling cluster development* to generate impact on the firm, on the economic, social, educational and strategic levels.

*Social impact of the firm:* There is an effort to build a cluster of organizations that contribute to the access to education. Hernández explains that EDUCAFIN provide the option for students to provide services as a way of paying their loans, which “lead to share value among different sectors or institutions, creating networks and future opportunities”.

*Educational Developments:* According to Hernández, this organization works “in conjunction with other academic institutions, providing education on different levels and areas. The result of the products and services is a pool of more people with more appropriate skills needed for the different labor markets”. The attempt to build a cluster is identified with this statement, as the organization is interested in having a network of academic institutions that contribute to provide diverse education options.

*Overall firm strategy:* Hernández explains that they have “alliances with universities and educational institutions”, which can be considered part of the organization's strategy, and an attempt to build a cluster for EDUCAFIN's services.

## 6. Analysis and Discussion

In this chapter, with the help of the ‘display and analysis’ data collection technique, the key findings revealed in the previous chapter are discussed, enabling the subsequent presentation of the similarities, differences and remarks that the empirical findings have regarding the theoretical framework. The discussion is focused on three main key concepts arising from CSV foundations: ‘the perspectives of CSV’, ‘the ten building blocks of CSV’, ‘the three ways to create Shared Value: reconceiving product, redefining productivity in the value chain, and enabling cluster development’.



**Figure 13. Thesis structure. Analysis and Discussion**

(Developed by the authors)

### 6.1 Presence of Creating Shared Value practices within FINAE and EDUCAFIN

FINAE and EDUCAFIN are organizations working in the education sector by providing financial products and services that help students to access education programs. Both of these organizations are social impact organizations since they both create and maximize value for society (Porter & Kramer, 2011, p. 10). Their interest on generating this kind of values can be understood from the perspectives of these organizations. It can be said that both organizations were established with a Mission-Driven perspective, because since the beginning they were both founded with their ethics based in sustainability (Maltz & Schein, 2012, p. 65).

In the case of FINAE, the organization was created with the purpose of contributing to a sustainable education by helping students to access higher education, while offering services that are both affordable for the students and profitable for FINAE (Prieto, 2013; Bamboo Finance, 2013, p. 49). It can also be said that this organization bears the Mission-Driven perspective because their investors are sacrificing their returns as long they can provide a benefit to the society (Prieto, 2013), which demonstrates that holistically FINAE works according to its original mission. Furthermore, their additional activities, such as the ‘personal financing education’ are all pointing towards meeting the needs of education that are currently present in Mexico. However, FINAE shows some characteristics of an Economic-First perspective, as they are firm in the idea that all of their products should have a financial return. They even clarify that they cannot provide ‘scholarships’ to students, which means that there are no services without a return for the organization, which is a characteristic belonging to the Economic-First perspective. Yet, due to the

strong interest of FINAE in creating value for the society as its main purpose, it can be said that the organization is working with a Mission-driven perspective.

In the case of EDUCAFIN, they also started with the purpose of providing solutions for youth to access educational programs. The organization states in its website that their mission is to “provide economical support to those who want to increase their competences and academic levels” (EDUCAFIN, 2013). They expect financial results, but management is flexible in regards to the downsides of the economic performance in a short term, as sometimes their students are not be able to pay for their loans and EDUCAFIN provides them with alternative solutions. Hence, the organization is focused on providing ‘support’, which matches the concept of a Mission-driven perspective, as the downsides are not considered as negative for the organization in the long run (Maltz & Schein, p. 65). Furthermore, EDUCAFIN is strongly focused on its mission as it has an already set of options for students to arrange their payment plans, and a plan to invite students to carry out social projects. Therefore, it can be said that all the operations of EDUCAFIN fall into a Mission-Driven perspective. From the gathered data, there is almost no evidence that the organization has characteristics of an Economic-First perspective; although EDUCAFIN states in its website that its ‘Vision’ is to “become a sustainable organization with constant growth” (EDUCAFIN, 2013). It can be said that this organization has ambitious goals to generate profits in order to become sustainable, but from the current practices focused on supporting students it can be said they currently they are only performing under a Mission-Driven perspective.

Considering that the studied organizations work under a Mission-Driven perspective focused on generating impacts for the society, they are complying with one of the conditions for Creating Shared Value: to generate value for the society (Porter & Kramer, 2011). The second condition, which is being profitable while benefiting the society, looks more present in FINAE, while EDUCAFIN still has profitability in plans.

Different practices of CSV can be identified in both organizations of the case study, which proves that the idea of CSV has started to be applied within Latin America and specifically in Mexico. Both organizations present several traits in their strategies and operations that help to understand better if they apply CSV theories or not. The strategies of these organizations demonstrate several characteristics that adhere to almost all of the 10 Building Blocks, which are needed in a strategy in order to create Shared Value (Bockstette & Stamp, 2011, p. 9). These ten building blocks, analyzed in the ‘empirical findings’, provide an aid in explaining how each organization works around the CSV practices. The strategy of FINAE seems to comply with the ten building blocks needed for CSV, while from EDUCAFIN six of the ten building blocks were identified through the interviews. The most important block that shows compliance with CSV, is in the case of FINAE the ‘Vision’ block, because FINAE has a vision of benefiting the society and a willingness to sacrifice some of their profit. Although Husted & Salazar (2012, p. 87) mention that lowering profits is a characteristic of CSR, according to Prieto (2013) on the overall strategy FINAE keeps a focus on generating profits. In the case of EDUCAFIN, their vision is clear in terms of generating value to society by increasing students’ performance and matriculation numbers. However, in the building block of Prioritizing Key Shared Value issues, it is revealed that EDUCAFIN is focused on supporting students,

where their profits and sustainability could be at risk if repeated practices like providing students “possibilities to pay their loans with personal services” (Hernández, 2013) take place. Hence, it can be said that they comply with this building block to create Shared Value, but simultaneously it becomes unclear if CSV practices are met due to the CSV condition that an organization should be profitable.

An additional important building block is the ‘measurement of progress on key indicators’, which FINAE seems to take in consideration very strongly, as they keep track of their social impact by complying with international measurement standards like GIIRS –with a qualification of 5/5 Stars- and Certification B (FINAE, 2013), which are one of the several institutions that are nowadays providing social measurement certifications. This practice is linked with the practice of continuous improvement according to the measurement results, which complies with the ‘learning from measurement’ building block, giving investors the opportunity to make better decisions to place their money according to the social impact. Therefore, it can be said that Shared Value is created in better ways as a result of the measurement of FINAE’s social impact. On the other side, EDUCAFIN did not exemplify how they measure their impact, and they acknowledged in the interview that they could reach more improvements if they quantified the benefits they are currently generating for the education sector and the society (Hernández, 2013). This acknowledgement from EDUCAFIN is aligned with the theory that explains that when organizations fail to grasp or to track the relation between social and organization results, the firms themselves lose opportunities for improvement in regards to innovation and growth (Porter, et al., 2011, p. 2). Nevertheless, the organization is already aware of the issue, and they show an intention to take it as an opportunity to improve in the short term, which would make them more aligned to the idea of generating value for the organization itself and not only for the society, as Porter & Kramer (2011) explain.

## **6.2 Methods of Creating Shared Value by Social Impact Organizations with Orientation in the Education Sector**

From the empirical data gathered for this research and from the information available online about these organizations, it has been identified that FINAE and EDUCAFIN create Shared Value by ‘reconceiving products and markets’, and by ‘enabling cluster development’, which are two of the three methods to create Shared Value proposed by Porter & Kramer (2011). In regards to the method ‘redefining productivity in the value chain’, there were no clear findings that this method is applied in these organizations, mainly due to the nature of the services of the organizations in this study.

### **(i) Reconceiving Products and Markets**

FINAE and EDUCAFIN have developed innovative strategies that offer development solutions to Mexican communities. FINAE has its strategy based on reaching the most affected part of the population: 70% of their customers are recognised as the middle-low economic class, which was a reason for FINAE to design a product with easy access for the students in terms of financial costs. Their major effort has been the financial reengineering that has the purpose of offering lower interest rates to the students. This

reorganisation has caused an increase of work for them, yet their strategy is offering a customised service adapted to the unmet needs of the population, that is looking for financial support for being able to fulfill their desired educational training.

Therefore, FINAE meets the two major requirements of Creating Shared Value: enhancing competitiveness (Porter & Kramer, 2011, p.6), through their low interest rates, which at the same time is the enabler of economic and social advance, as it is allow students to access higher education. In addition, the customized design of their financial products specialized in societal needs, fits within the idea of Porter and Kramer (2011) of redesigning products. Markets are also designed because FINAE is reaching customers that do not have education options without the support they get through FINAE's products.

The idea of Creating Shared Value through reconceiving products and markets seems to contribute through FINAE in almost all the possible ways. Their low-rates comply with the suggestion of Bertini & Gourville (2012, p.99) about using attractive pricing as a method to create value. Their strategy of following social impact metrics of renowned companies is also meeting literature, which explains that tmetrics make organizations more attractive to investors (Porter & Kramer, 2011, p. 2; Giddens, 2011).

The socio-economic needs are obviously addressed by FINAE, with products that improve education standards on the long-run (with generational impact as mentioned in the findings table), therefore according to Porter & Kramar (2011) Shared Value practices are contributing to the education sector. EDUCAFIN concentrates on the equal geographical distribution of its products and services, with the aim of reaching the poorest communities in the area they operate in. This organization expects two kinds of impact: improvements in the education sector (by generating access to higher education through their credits), and improvements in the labor markets (by providing credits to access non-formal educational programs).

The features of the product include diverse payment options and diverse ways of accessing the service, without worrying for a credit history. The latter is a proof that the EDUCAFIN has a major interest in the social impact of its services, which is congruent with CSV practices if addressing the social issues leads to finding innovative solutions (Porter & Kramer, 2011).

However, it must be noticed that the decision of not worrying for a customer's credit history has financial implications that could result negative, meaning that EDUCAFIN would not be able to recover their investments on the students, and therefore the premise of CSV being applied to the strategy is in questions. It could be argued that CSV practices generate profit on the long term, which could be represented by the different ways of receiving payment from EDUCAFIN's customers.

There would be a need of further research on the returns that EDUCAFIN has with their different ways of collecting payments, in order to identify if CSV are contributing to the education sector through EDUCAFIN. Initially, it seems EDUCAFIN's strategy more similar to a CSR strategy, where practices result in greater social output, although probably in lower social profits for the firm (Husted & Salazar, 2006)

The intention of these socially oriented products is to give students an easy access to educational services. However, most important is that both, FINAE and EDUCAFIN, are giving these students the ability to produce their own incomes, in order to start paying accordingly and with less preoccupation about their financial resources, while increasing their own revenues, provoking a market growth. The application of CSV concepts is clear according to the strategy of FINAE, although for EDUCAFIN there is still room for applying the CSV practices. Nevertheless both organizations of social impact are contributing to the education sector of Mexico, and finally to the economy and the nation's development.

## (ii) Cluster Development

FINAE welcomes any organization willing to participate in the social development of Mexico, and they create “long-term partnerships with top private universities, which provide FINAE with access to their student base as well as a network for targeted marketing and distribution efforts in campus”. (Bamboo Finance, p. 49) With this practice, they include social investors, which can turn into partnerships within a cluster that eases the creation of shared value (Delgado, et al., 2011, p. 3; Porter & Kramer, 2011, p. 12). In this context, FINAE seems strong in building partnerships to reach its main funding goals, while the education benefits as more universities enable access to studies, and while other associations support FINAE's customers in many other ways. It is remarkable that FINAE is keen to partner with investors that look more into the social return, since it can be considered as a guarantee that society will receive value from those investments. Perhaps, this kind of investors has a long-term view, directing FINAE into a more sustainable investment approach. Bosch-Badia et al (2013, p.12)

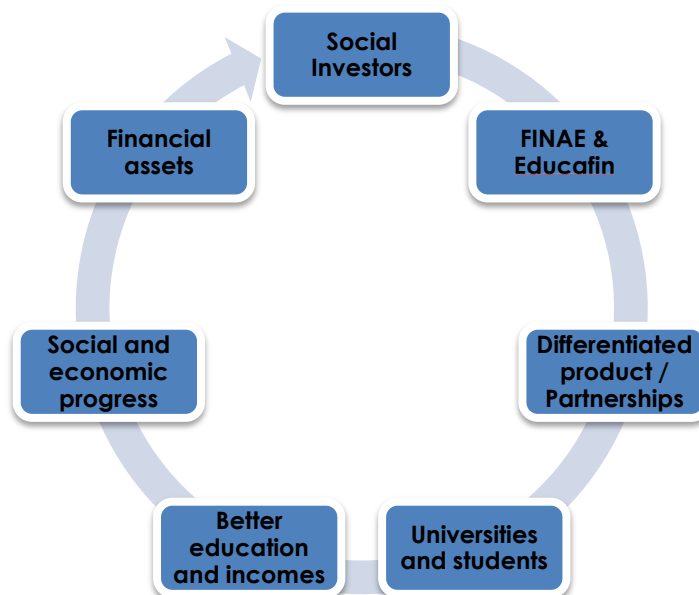
In terms of metrics and quantifying the impact, FINAE is strictly adhering to their processes in order to be attractive and trusted by investors and any other organization within the financial and education clusters, complying with the statement of Giddens (2011) where he explains that standardization of metrics is of utmost importance in order to keep investors interested in the organization. Moreover, their own interest in keeping the track of their results is an evidence that their interest in generating social impact is honest. As a result, an environment of education opportunities positively affects the society, where every new activity started to incentive education is a result of the implementing the practices of shared value.

EDUCAFIN, has the advantage of having a very good reputation in the community where it is working in. There is an interesting amount of innovation in the partnerships EDUCAFIN has, which make it a rich and diverse cluster environment integrating social benefits (Porter & Kramer, 2011, p. 16) for all the types of services EDUCAFIN aims to provide. The pool of investors seems attractive and helpful, although they could obtain more benefits or return if they were able to easily access investors. Nevertheless, they do have access to funds, allowing them to assure the financial supply.

### 6.3 Creating Shared Value through social impact organizations in the Mexican Education Sector

Given the importance of the impact that education has on the society as a whole, organizations are motivated to aid in the development of individuals in order to trigger long-term strategic benefits while engaging the community and strengthening the education system (Rice, 2011). In this case, FINAE and EDUCAFIN have been founded to perform activities that contribute to the development of the education. Their products and services, which vary among financial loans, personal finance education, and sharing skills among students, are all pointing towards the creation of shared value in the education sector. Through the revision of their practices and strategies, it can be seen that both organizations aim high to contribute for the generation of skilled professionals in Mexico. As FINAE (2013) explains in its website, “access to education translates into socio-economic development, job creation, lower unemployment rates, higher tax caption”.

Both organizations seem to fill a gap between the supply and demand of educational services, since they provide financial means to the people who wish to access educational programs. Once these needs are met, and the beneficiaries pursue their education, the benefits are translated to their lives in terms of quality, while at the same time they are more capable to give better results in their professional lives, contributing to the economic progress of Mexico. Simultaneously, the organizations of this study, plus their partners, are benefiting of the process. For example, the universities that receive the new students benefit from diverse customer that can enrich the discussions and learnings for other students during the lectures; and for the University the new students imply new revenues that –if used in terms of CSV- can lead to improvements of their current educational programs, and therefore enriching the education sector. In this case, better educational programs will improve the professional skills of students, and may also attract new revenues. This example is illustrated with the following figure of the feedback loop of CSV in the Education sector:



**Figure 14. CSV in Education sector: feedback loop**  
(Summarized by authors based on findings)

## 7. Conclusion

In this chapter, the key findings as well as the implications of the research will be revealed, showing the ways in which implemented business strategies in social organizations allow CSV to permeate the educational sector in Mexico. The conclusions will be contrasted with the theoretical framework. Moreover, since our research has implications for firms aiming to create value through social impact, recommendations for the participating organizations will be presented. To conclude, key success factors and obstacles towards this research as well as recommendations for possible further research will be shown.



**Figure 15. Thesis Structure. Conclusion**  
(Developed by authors)

### 7.1. Achievement of Objectives

The empirical findings allowed us to contrast the obtained data with the theoretical framework. Consequently, we have analyzed the attainment of our research objectives based on the selected objectives' themes in order to provide a critical conclusion.

#### *Objective 1*

*To find through empirical evidence the economic and social effects caused by applying CSV theory within organizations that contribute to the Educational sector in a developing country (Economic and social impact of the firm).*

It can be said that the retribution of these social impact organizations that apply the practices proposed by the Creating Shared Value idea is strong for the Mexican societies in which they perform. It can also be said that Shared Value is created by FINAE and EDUCAFIN as they are enhancing social change while increasing revenue (Regency, 2013). FINAE, is a perfect example to say that CSV has a positive economic impact on an organization that applies the CSV strategies, while social impact is also generated. However, in the case of EDUCAFIN, the generation of revenue is not considered stable according to the findings, although they are working in their organization strategies to become a profitable a sustainable entity. Hence, the concept of Shared Value could be further enriched with more research in terms of whether an organization's aim of profitability on the long-run can be considered a characteristic of CSV, while the organization is not generating profit on the short-run and only focused on the social impact.

The objective was achieved, as the case study provided two different perspectives of economical and social impact.

### *Objective 2*

*To identify and critically assess the main points of short-term and long-term social impact that the organizations are providing through their products and services to the Educational sector (Educational developments).*

It was evident that short-term and long-term impact are provided by the organizations that apply CSV in the Educational field, and the examples of the social impact were numerous, mentioning the impact of immediate access to education, and the positive consequences in the long-run of that access to education in regards to economic development.

The objective was achieved as enough information assesses the short-term and long-term social impacts.

### *Objective 3*

*To identify and determine the way in which strategy incorporates all units of consideration for the creation of Shared Value within social impact organizations in the Educational sector.*

Strategy incorporates different aspects covered with the study of the ten Building Blocks, and the incorporation of the Methods of CSV into the strategy of the organizations. Data revealed that the organizations are overall complying with the suggestions of the Building Blocks and the Methods of creating SV.

The objective was achieved as the research demonstrates in the findings and analysis the use of these different strategy factors to create Shared Value.

## **7.2. Answering the Research Question**

The aim of this research has been to explore how CSV can contribute to the educational sector in a developing country through ‘social impact investments’, which was conducted based on the above mentioned objectives, and on the research question:

*“How can CSV contribute to the Educational sector in a developing country through social impact organizations?”*

Currently, Mexico is experiencing a low social and economic progress, which impacts the educational sector strongly. Due to the country’s structural problems, the educational system is facing the fundamental need of receiving financial support for having access to different educational services. A potential solution to reduce this problem is presented through CSV, which highlights the connection between society and economy for building a compelling value proposition in pro of both, the Mexican Government as well as private entities (Porter & Kramer, 2011, p.4).

By remembering that CSV can be created in three different ways – reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development-, the study reveals that overall both organizations are following different business strategies, however both are allowing CSV to appear in scene. The business strategy of each company couples effectively to CSV, and therefore *contributes to the*

*Educational sector in Mexico* by: a) offering innovative products that enable students to access different levels of educational programs, and therefore improving the labor markets and economic progress; and, b) by participating in enabling cluster development through multiple alliances these entities have within the Educational community. These two ways of contribution are fulfilled after adhering the organization's strategy to the ten Building Blocks to create Shared Value, focusing on the organizations' visions, attention to the key Shared Value issues, setting of ambitious goals, and measurement of the social and financial performance.

## 7.3. Recommendations to the Organizations

### 7.3.1 FINAE

Within a short period of time FINAE has developed outstanding achievements in terms of social impact in the Mexican community. They succeed in attracting capable suppliers and partnering with them. We suggest FINAE to maintain and reinforce fair and open markets, measurable goals, performance standards, universal measurement and performance reporting systems, efficient and timing reporting of results, innovativeness, and absorptive capacity of positive external effects (Porter & Kramer, 2011, p. 14; Schmitt et al, 2012, p. 82) in order to achieve a continuous creation of value. Only the right regulations can encourage the organizations to run effectively CSV. CSV is an on-going process that needs to be verified and measured constantly to help understand and unleash further Shared Value creation (Porter & Kramer, 2011, p. 14; Parrish, 2010, p. 519). FINAE has shown to have deliberate internal and external audits as part of their strategy; yet these metrics do not necessarily correspond to the same applied when assessing CSV. It is important to evaluate the joint venture strategies and social value creation in order to increase the total value created (Linnenluecke et al., 2010, p. 359). Metrics referring to sustainability, impact assessment, reputation and compliance, strengthen a business strategy directed towards CSV (Porter et al., 2011, p. 12). Also, all these CSV procedures need special knowledge that we suggest the employees from FINAE to acquire. Finally, because the effectiveness of having the government as a partner, FINAE is highly recommended to create a special partnership with local, national and if possible international government.

### 7.3.2 EDUCAFIN

EDUCAFIN is an organization that has a strong commitment with the society, however its compliance is wiping out the flexibility that can allow them to move into new directions. It is highly recommended to include the values of CSV into their business strategy, for the employees to be aware of it and for being able to clearly follow this path. By doing so, EDUCAFIN will widely welcome more opportunities for Shared Value creation, which will couple with EDUCAFIN's mission as well as with the basic motives that EDUCAFIN has in pro of serving the community. Furthermore, EDUCAFIN clearly acknowledges the actions that they do that contribute to the societal needs of its community. Also, they recognize to what extent they achieve social benefits. However, they ignore to what extent is this value creation being done as well as on quantifying the information of this impact. A remarkable series of successful stories about the professional paths of EDUCAFIN's ex-

beneficiaries confirms that CSV has the opportunity to lead, somewhat, to the Mexican social progress through this organization. Therefore, as soon as the organization converts these great stories into quantifiable and measured data, this organization will acknowledge even more of further Shared Value creation. EDUCAFIN succeeds in offering their users an innovative product that allows them to fulfil their needs of acquiring education. Nonetheless, to improve their financial solidity, efforts in reengineering or in redefining their products, mainly in terms of recovering their investments on the student loans, are suggested.

#### **7.4. Research Obstacles and Success Factors**

We would like to acknowledge the existence of several obstacles or limitations that were present in our thesis despite the efforts of diminishing them. Insights to overcome these obstacles have been applied throughout the research. Moreover, section 7.4 depicts how specific further research can eradicate some of these issues in the future. Firstly, the qualitative nature of the research can limit the ability to generalize the results. Another drawback that was found was the time-constrain. Because of the nature of the educational sector, and despite of the fact that issues in this industry can be analyzed through short-term periods of time, it is more precisely to examine it through a long-term time horizon. However, because of the dynamism of the industry, it is feasible to succeed with suitable and different results by also having a short-term time horizon. Thus, this allowed the comparison of many different elements of study within the research without any additional cost (Saunders, 2009, p. 155), i.e., age of the students, educational level in relation to financial performance. Moreover, we consider the context in which the thesis was embedded as a slight drawback. Because of some factors, such as economic or social conditions, the findings of this dissertation can vary if it is conducted in any other different location. However, Mexico was very suitable to illustrate our findings (see Chapter 4). Limitations to the perceptions and interpretations of the researchers and respondents can also be identified. Because we applied a semi-structure interview, analyzing data will be permanently subjective. This can be overcome by applying a quantitative research strategy. Finally, we acknowledge the novelty of the topic as a limitation for this thesis, as difficulties were encountered while seeking for previous academic works related to it.

We acknowledge several strengths that support this dissertation. First, we developed the research on the basis of an existent theory and we offer to explore whether its implications can be applicable to the educational field or not. Therefore, this is an applicable contribution to this industry in the Mexican context, where a lack of contemporary information exists (OECD, 2010). Moreover, this research is based on worldwide novel elements, which maintain the relevance of the topic. The theme is embedded in social purposes that are considered, by leaders of companies, as the drivers of a significant business progress (Pfitzer, 2013, p. 4). Furthermore, the participant organizations are currently having relevant contributions and a strong impact within the Educational sector in Mexico (see Chapter 4). Along with this, the hierarchy of the respondents increases the suitability of the research, since they are all top executives. Besides, the interviewees have shown incessant and wide openness to contribute with authentic responses. This has encouraged our research to conserve high-standards in the quality of the information, and

thus in the analyzed findings. Likewise, another key success factor has been the nature of the organizations. The fact that one of them represents the private initiative, while the other organization is of governmental nature, has given the research the means to expand the perspective of the topic under study. Thus, the findings have been enriched.

### **7.5. Direction for Further Research**

The current research is based on interviews with executives of two case studies. In order to be able to generalize the confirmed findings of this research, we recommend to test the data in a deductive approach. This could be done by extending the number of participants and by applying a questionnaire to other ‘social impact organizations’. Additionally, we suggest to replicate this study by applying a longitudinal time horizon, rather than a cross-sectional one. The change and development through time of the phenomena undertaken in this research is worthy to be studied due to the social nature of this study.

Because of the novelty of the topic, the current research opens different and broad alternatives of investigation in the applicable field of CSV as well as in any field in which social enterprises can redefine and improve their business strategies.

This research is limited by the context in which the empirical findings were taken; thus, we recommend to duplicate this research within any other country. Another aspect of the empirical data context was the economic differentiation while selecting the country. Hence, we suggest to develop a similar further research in a developed country, where the social necessities of the community are different. Similarly, research can be conducted with a particular focus either on private organizations or governmental. This specific investigation will enrich the contribution to the academic field by providing a deep analysis.

As our research was developed within the frame of case studies, including one case, which is a decentralized government organization. We found that there is a gap that needs to be closed on how the government can create value in order to address any social problem. For future investigations we propose to cover the question of to what extent social enterprises build up partnerships with the government for the development of educational clusters. Furthermore, it could be of great interest to the academic society if a future research was just focusing on one of the types of organization covered in this thesis. We suggest focusing on businesses running with private funds, as this type of organization has more flexibility in adapting more topics to the subject of research than the one running with government funds. These topics can include finance, social impact and business strategy, amongst others.

To summarize, CSV is widely applicable in the Educational sector of a developing country, where firms can contribute to the economic progress by designing student loans and supporting systems in order to mitigate any students’ constraints.

However, care must be taken while implementing the correct strategies in social impact organizations, as a broad range of the earlier mentioned factors need to be considered. These factors can strongly increase a firm’s success, nevertheless they can also have negative effects when implemented weakly.

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### **Personal Communication**

Hernández, J. (2013). *Interview on Creating Shared Value, business strategy and education* [personal interview] (personal communication, December 20, 2013)

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## Appendix I. Guideline questions

Theme	Question breakdown
<b>Introduction</b>	<ul style="list-style-type: none"> <li>· What is your name?</li> <li>· What is your job position in the organization?</li> <li>· What are the main responsibilities / tasks of your job position in the organization?</li> <li>· For how long have you been working for this organization?</li> <li>· Why did you choose this organization for the development of your career?</li> <li>· Would you mind to share some of your previous professional experiences before working for your current organization?</li> </ul>
<b>Economic impact of the firm</b>	<ul style="list-style-type: none"> <li>· To what extent are the products/services of your organization affecting the triple bottom line?</li> <li>· To what extent is your organization's business strategy economically impacting in the short-term?</li> <li>· To what extent is your organization's business strategy economically impacting in the long-term?</li> <li>· To what extent is your organization developing value proposition for in both, business and social impact?</li> </ul>
<b>Social impact of the firm</b>	<ul style="list-style-type: none"> <li>· Do you consider your organization to be categorised as a social impact organization? If yes, why?</li> <li>· To what extent is your organization's business strategy socially impacting in the short-term?</li> <li>· To what extent is your organization's business strategy socially impacting in the long-term?</li> </ul>
<b>Educational Developments</b>	<ul style="list-style-type: none"> <li>· To what extent is your organization's business strategy affecting in educational development in the short-term?</li> <li>· To what extent is your organization's business strategy affecting in educational development in the long-term?</li> <li>· What are the criteria for selecting the beneficiaries of the products your organization offer?</li> </ul>
<b>Overall firm strategy</b>	<ul style="list-style-type: none"> <li>· What is a business strategy?</li> <li>· What is your organization's business strategy?</li> <li>· What is the core business of your organization?</li> <li>· What is your organization's background?</li> <li>· Who is your organization's target market and what characteristics do they have?</li> <li>· Are there any constrains in your organization's business strategy? If yes, which ones? Where are these constrains affecting directly in?</li> <li>· Who do you consider being the beneficiaries in the value creation process of your organization?</li> </ul>
<b>Closure</b>	<ul style="list-style-type: none"> <li>· Is there any additional insight you would like to add?</li> <li>· Do you want to manage <sup>83</sup>anonymity hereafter?</li> </ul>

## Appendix II. FINAE: Summary of Data from Interviews

Impact from CSV practices	Summarized Data
<p><b>Impact on the Strategy of the Organization</b></p>	<ul style="list-style-type: none"> <li>· We have standardized procedures to approach potential investors</li> <li>· Foreign investors are interested in statistics and metrics that quantify the impact of their investments according to the genders of the beneficiaries, their social status, geographical distribution, and others.</li> <li>· We standardize the reports.</li> <li>· There are many investors willing to sacrifice part of the return so that the education problems can be solved. (Examples: Finance Bank, Ashoka, Crédit Suisse, Media Network). They choose where to place their Money through the social impact measurement standards. That's why FINAE is committed to undergo through all those metrics, even if it implies extra work.</li> <li>· FINAE continuously searches for investors with the objective of providing a financial return and a quantified social return</li> <li>· FINAE needs to have social impact metrics and ratings; investors demand them.</li> <li>· They follow social impact qualification standards from renowned organizations like Standard &amp; Poors, Moody's, Fitch, and Gears. These organizations evaluate their policies, corporate governance, administrative performance, and the quality of their personnel.</li> <li>· They receive scorings and they update them periodically and publish them to their investors.</li> <li>· Their impact investments are 100% from private investment. It is profitable, scalable, self-sustainable, and replicable.</li> <li>· They design the financial products and they place them in the market. The difficult part is obtaining the funds, which they perform through financial engineering.</li> <li>· FINAE offers extremely low interest rates so that students can pay for the loans. They do not give scholarships because all their funding would be gone quickly. It needs to be a business, and a sustainable one.</li> <li>· FINAE is also measured on its social impact, which is quantified in order to tell to what extent do they contribute to reduce poverty, increase opportunities, and favor the equality of genders</li> </ul>
<p><b>Impact on Education and Society</b></p>	<ul style="list-style-type: none"> <li>· Investors and associates require both financial and social return.</li> <li>· Their products meet an important need in Mexico: Education. The students win, universities, employers win, and their investors win. This is definitely more than social responsibility.</li> <li>· Investors and associates require both financial and social return.</li> <li>· Their products meet an important need in Mexico: Education. The</li> </ul>

students win, universities, employers win, and their investors win. This is definitely more than social responsibility.

- They seek to provide financing to students in base of the [societal] pyramid.
- People with higher education get better jobs and therefore better wages. If there are higher wages, there are more taxes paid to the government, and then everyone is benefited
- They also educate students so that they learn how to make use of their credit and to find a job
- All of their operations are directed to solve a societal issue, more than searching for profits
  - There is a study from OECD, “Education & Glance” that explains that a student with higher education is enabled to “reach the next step”, and they generally have healthier life than others without this education.
  - FINAE is also measured on its social impact, which is quantified in order to tell to what extent do they contribute to reduce poverty, increase opportunities, and favor the equality of genders
  - They have partnerships with other universities, they share costs and risks, and together they seek how to scale the solutions for educational issues.
  - They have opportunities to scale their operations to South-America and Malaysia.
- All of their operations are directed to solve a societal issue, more than searching for profits
  - There is a study from OECD, “Education & Glance” that explains that a student with higher education is enabled to “reach the next step”, and they generally have healthier life than others without this education.
  - They have partnerships with other universities, they share costs and risks, and together they seek to scale the solutions for educational issues.
  - They focus on the 7 million Young adults that are not working because they cannot find a job and are not studying because they don’t have the resources. They provide them with Access to higher education of quality.
  - 70% of their customers are the first member of their family who has Access to higher education, and at least 25% of the parents of all of their customers did not complete their elementary school. What they are doing here is increasing the probabilities that future generations can reach at least an undergrad degree. It is a generational impact.
  - They provide a solution to the problems of education, with educational financing which has been a solution here and in other nations.

**Financial Impact  
on the  
Organization**

- There are many investors willing to sacrifice part of the return so that the education problems can be solved. (Examples: Finance Bank, Ashoka, Crédit Suisse, Media Network). They choose where to place their Money through the social impact measurement standards. That’s why they are committed to undergo through all

those metrics, even if it implies extra work.

- They continuously search for investors with the objective of providing a financial return and a quantified social return
- Our impact investments are 100% from private investment. It is profitable, scalable, self-sustainable, and replicable.

They offer extremely low interest rates so that students can pay for the loans. They do not give scholarships because all of their funding would be gone quickly. It needs to be a business, and a sustainable one.

## Appendix III. EDUCAFIN: Summary of Data from Interviews

Impact from CSV practices	Summarized Data
<b>Impact on the Strategy of the Organization</b>	<ul style="list-style-type: none"> <li>· They have alliances with universities and educational institutions</li> <li>· They count with financial supply from external actors</li> <li>· They provide educational credits, for which they charge a minimum interest</li> <li>· They continuously check their credit policies, design new programs, and are close to their market in order to identify their needs. Therefore they started financial products for languages and other trainings that make a difference in the customers' profiles.</li> <li>· They started with funds from the government as an initial capital, and currently they receive capital from the government only occasionally</li> <li>· EDUCAFIN survives under its own financial operation without the government.</li> <li>· Possibilities for students to pay their loans with personal services or other means leads to sharing value among different sectors or institutions, creating networks and future opportunities</li> </ul>
<b>Impact on Education and Society</b>	<ul style="list-style-type: none"> <li>· There is room for improvement to follow up on former customers and their success stories.</li> <li>· Origin of funds: Taxes, which are paid by society, and they are reattributed to society with financial solutions for education</li> <li>· The market of EDUCAFIN's products is the middle class, who pay 80% of taxes</li> <li>· Main objective: To increase the matriculation numbers, efficiency, and performance of students.</li> <li>· They do not apply filters when giving out credits, so the student can study in any university or institution without the risk of not being</li> </ul>

admitted at a certain institution and therefore not being able to pursue the studies

- They look for an even geographic distribution of their financial products
- EDUCAFIN contributes to the society with more options of qualified and skilled people that have received education and that therefore can create value for the society
- They invite their customers to design and execute a social impact project, enabling that the ones who received value generate more value for others
- They provide alternatives for paying their credits: with labor hours, activities that create value in the society (e.g.: teaching others to read), or assets.
- In conjunction with other academic institutions, they provide education on different levels
- The result of their products and services is a pool of more people with appropriate skills for the different labor markets
- The different types of educational programs enable profiles to match job vacancies
- They continuously check their credit policies, design new programs, and are close to their market in order to identify their needs. Therefore they started financial products for languages and other trainings that make a difference in the customers' profiles.

**Financial Impact  
on the  
Organization**

- Sometimes the credits are only partially paid by the customers, and partially paid by the government.



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