

# Where profit meets purpose – the shared value proposition

## 兼顧盈利及社會意義— 倡議共同價值

Gaëlle Loiseau

**T**he world is changing at a staggering pace and in order to keep up, businesses must adapt. But isn't that what business does best - adapt? At least the successful ones: they innovate to stay relevant and ahead of the competition. So why does it seem so difficult for the private sector to adapt to the change this time? The recent trend is not just about new technology or a mere disruption in the market, it is the very reason for a company's existence that has been shaken. As the Business Roundtable latest statement acknowledges, a company's purpose can no longer be about simply generating profits. It must also create value for all its stakeholders.



To survive, business must align profit with corporate purpose. Without profit, a business is not sustainable, and without purpose, a business loses legitimacy and trust of its stakeholders. The society now expects business to help solve the broader issues it faces, and successful firms will be the ones that adapt to this new set of expectations quickly and efficiently. After all, if economies and communities impact business, how can companies ignore the social, economic and environmental issues that are left unresolved?

Societal problems used to be the responsibility of government and civil society. But the challenges we face now are so severe, that governments cannot handle them in isolation.

### **Shared value goes beyond corporate responsibility**

Recognising that philanthropy can only go so far but that business can provide the scale necessary to drive change, creating shared value goes beyond corporate responsibility. It is a business strategy utilising a business's core expertise to solve social or environmental problems profitably and with scalable impact. When products, services or value chains add value to the community, an important level of trust with stakeholders is created. And because such new models require innovation, they build competitive advantage for the organisation.

The significant shift towards defining purpose in a company is a growing movement, but having a purpose is not enough and creating shared value is the roadmap to deliver on that purpose and to engage your employees around a set of values that they can apply in their daily job to generate competitive advantage. This engagement will create opportunity for new revenue streams, cost savings and value growth, while also building investor trust and respect.

Increasingly, implementation of a shared value culture is being driven by employees from within and by shareholders from the outside. Both groups have powerful views on expected behaviour and direction and are significant influencers on corporate success. Employees and new generations joining the workforce are progressively making employment decisions based on principles and evidence of a social conscience within an organisation. In order to attract and retain the best talent, companies must be able to communicate their purpose and demonstrate how they deliver on it.

Shareholders are also becoming more discerning when investing and allocating capital. They want to see evidence that firms have a defined purpose to ensure they have licence to operate in their markets and promise long-term viability. There is plenty of proof indicating that embedding a shared value culture leads to better employee engagement, competitive advantage and stock outperformance.

### **How to embed shared value into business strategy**

There are three definitive ways of creating shared value, and the first one is by redesigning products/services to make positive changes in the community. A good example of such is "AIA Vitality" which is a game-changing wellness programme that encourages policyholders to persist in keeping a healthy lifestyle. It redefines the traditional concept of insurance by giving policyholders incentives, such as instant premium discounts in the first year of their policies and a range of lifestyles benefits, in order to encourage them to lead an active and healthy lifestyle. The wellness programme creates a winning formula for multiple stakeholders: the society, policyholders and the insurance company. Healthier policyholders help lower claim costs for the insurer, which in turn eases pressure on insurance premium increases. For the society, a healthier population can help relieve pressure on the medical system.

The second way of creating shared value is by redefining the value chain (which could be the supply chain in a manufacturing business or the workforce in a consulting business). As an example, Nestlé creates shared value by building resilience in their supply chain. They invest in their smallholder coffee farmers to train them in regenerative agricultural practices and equip them with quality seedlings. This strategy results in higher quality crops for Nestlé as well as a more regular and consistent income for the farmers. There are also environmental benefits thanks to better soil management.

Finally, enabling local cluster development creates shared value by building a thriving community ultimately benefiting the businesses operating in it. For instance, Airport Authority Hong Kong collaborated with business and community partners to create shared value for the community, while solving the talent hiring issue for airport-based businesses. Indeed, the remote location and awkward shifts made it difficult for airport businesses to recruit staff. To solve this

problem, the Extra Mile programme consisting of three pilot projects aims to identify blocking points and design solutions capable of developing a qualified talent pool for the airport.

Working Holiday@Lantau offers one-year internships encompassing accommodation and exploratory elements

- to motivate working youth and develop their people skill.

The Pioneer, a one-year work placement programme, supports non-Chinese speakers with leadership potential, nurturing future team leaders who may act as a bridge between local supervisors and non-Chinese speaking employees. In addition,

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EduCare, a one-academic-year after-school care programme, provides tutorial services, exposure programmes and family support to primary school students in Tung Chung whose parents are working at HKIA.

### What can organizations do?

**Materiality** - Businesses must identify the social and environmental challenges that are material to their operations to identify gaps in the market and use their core expertise to address them.

**Empowerment** - Leaders must create a company culture that enables shared value ideas from within the workforce to be heard, nurtured, and allowed to fail to foster innovation.

**Communication** - Sharing the journey, both internally and externally, is crucial to generate awareness and understanding across shareholders, clients, employees, suppliers and the wider community.

**Measurement** - Key performance indicators must be identified from the onset of the project, and measured throughout, to monitor the societal impact of the project and achieve scale.

**Collaboration** - The private sector must partner with government and civil society to tap into their expertise of societal issues and design profitable business models providing adapted solutions.

### Create competitive advantage

Applying a social lens to business development opportunities will highlight new business opportunities. Applying a business lens to the societal issues we face will lead to better resources stewardship. By going after these market gaps, the full power of business can be harnessed to create the conditions for long-term prosperity.

Corporate strategy will find itself under increasing scrutiny as responsible investing gains traction. Employee and customer pressure will not relent for business to be part of the solution rather than the problem. A shared value culture opens up major strategic opportunities and will differentiate an organization whilst simultaneously driving the next wave of innovation, productivity and economic growth. 



界正在迅速轉變，為免落後於時代巨輪企業必須致力適應，但這不就是企業向來的強項嗎？至少成功的企業如是，因為這類企業藉著創新來緊貼市場在競爭中脫穎而出。若然如此，那為什麼私營企業面對當下轉變卻似乎難以適應？這是因為最近的趨向並非純粹新科技或市場顛覆驅動，而是衝擊公司的存在價值。誠如「企業圓桌會議」最新發出的聲明指出，公司存在的目的不再是只求盈利，而是為公司廣泛持份者創造價值。

企業要存活便需將盈利對準社會意義。企業沒有盈利便不可存續，沒有社會意義公司則會失去持份者的認受性和信任。今時今日，社會期望企業可協助解宏觀問題，企業需迅速高效順應這些期待才可取得成功。畢竟，經濟和社會問題影響業務，企業怎可對社會、經濟及環境問題袖手旁觀？

社會問題向來是政府和公民社會的責任，但現時面對的挑戰嚴重得無法由政府自行解決。

### 共享價值超越傳統的CSR範疇

雖然企業公益能造福的有限，但企業若投入足以帶來改變的規模，將可創造超越企業責任的共享價值。這種業務策略是運用企業的核心專長來解決社會或環境問題，惠及公司及擴大影響力。只要產品、服務或價值鏈為社會增值，便可取得持份者的信任。亦正因這類新模式需要藉著創新來制定，企業將可建立競爭優勢。

企業需確立社會意義是一大變化亦是大勢所趨。但單單確立社會意義並不足夠，必須同時創造共同價值才能實現公司目標，令員工認同價值並於日常工作實踐，從而形成競爭優勢。共同價值的宣揚有機會帶來新收益流、節省成本、價值增長，以及建立投資者的信任和尊重。

共同價值文化往往由員工及股東內外推動，兩者對企業行為和方針的意見舉足輕重，影響力巨大得可以左右一間企業的成敗。一間機構的招聘決定日漸受公司員工包括加入勞動市的新生代影響，更著重按照社會良心的準則招聘。為了吸引和挽留最優秀的人才，企業需傳達公司所追尋的社會意義，並在業務過程中實現這些社會意義。

股東在投資和資本配置上愈來愈精明。他們希望公司確立社會意義光明正大在市場營運亦令業務長遠持續可行。不少證據均顯示建立共同價值文化可令員工更投入、提高公司的競爭優勢和股票表現。

### 如何將共同價值融入業務策略

創造共同價值有三種有效方法，第一是重新設計產品或服務令社會產生正面轉變，「AIA Vitality 健康程式」是個好例子。這項計劃顛覆了傳統健康計劃的模式，為投保人提供誘因促使其持之以恆地奉行健康生活方式，例如成功採取健康生活方式的投保人在受保的首年即時享有保費折扣和多項生活獎賞。該計劃對社會、投保人和保險公司產生共贏：投保人身體健康有助減少承保商的申索成本，從而減輕上調保費的壓力；對於社會，健康人口亦有助舒緩醫療體系的壓力。

第二個方法是透過重新塑造價值鏈以創造共享價值。價值鏈包括製造企業的供應鏈或顧問公司的員工。例如雀巢公司便透過加強供應鏈的靈活度以創造共享價值。該公司投資於種植咖啡豆的小農戶，向他們提供再生農業耕作訓練及供應優質種子，結果提高了雀巢公司的農作物質素，除了為農人帶來穩定持續的收入，亦因為土壤管理更完善而有利環境。

最後是協助社區群體的健康發展以創造共享價值，而最終亦會惠及營運於該社區的企業。例如，香港機場管理局跟企業夥伴和社區夥伴合作為社會創造共享價值，同時解決駐機場企業的人才招聘問題。機場位處偏遠且輪班時間有別於一般公司，的確令這類企業有招聘困難。「EXTRA MILE 里·想高飛」包括三項先導計劃，目的是鑑識阻礙點及設計有助為機場培育優秀人才庫的解決方案。

- 「工作 x 假期@大嶼山」是為期一年的就業計劃，包含住宿及職業探索元素，推動青年就業及發展完善人際技巧。
- 「先鋒」為具有領導才能的非華語人士提供為期一年的就業計劃，培育他們成為團隊領袖，以擔當本地主管與非華語員工之間的溝通橋樑。
- 「家長·童樂」為父母在香港國際機場工作的東涌小學生提供課後學習指導計劃，為期一學年，內容涵蓋功課輔導、體驗計劃及家庭支援。

### 機構可以做什麼？

**重大因素** — 企業必須鑑識對營運構成重大影響的社會及環境挑戰，以便找出市場機會然後運用核心專長解決有關難題。

**賦權** — 為鼓勵創新，領導層必須營造公司文化，讓員工的共享價值構思得到公司的考慮、發展及包容可能失敗的結果，以達至持續創新。

**溝通** — 持續宣傳發展共同價值的過程，有助提高股東、客戶、員工、供應商和整體社會對有關共同價值的意識和理解。

**檢討成果** — 必須在計劃推行之始訂定一些關鍵績效指標 (KPI)，在推行過程中按照這些指標來檢討成果及監察計劃對社會帶來的影響和實現規模。

**合作** — 私人企業必須跟政府和公民社會合作，以利用他們對社會問題的深入了解，設計具有盈利能力的業務模式及有效的解決方案。

### 建立競爭優勢

從社會視角考慮業務發展可發現新的商機，從商業視角考慮社會問題則可更高效管理資源，而從所發現的市場機會著手便可發放出企業的全部實力為長遠繁榮締造條件。

隨著負責任的投資日趨普遍，企業策略會受到更密切審查。另一方面，來自員工和客戶的壓力會阻止企業構成為社會問題，並促使企業積極解決現有的社會問題。共享價值文化將帶來重要的策略性機會令企業脫穎而出，推動新一波的創新、生產力及經濟增長。 

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