



Improving Corporate Shared Value to Reach Competitive Advantage in Banking Industry

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ABSTRACT: This research delves into the integration of Corporate Shared Value (CSV) within the banking industry, focusing on its role in fostering competitive advantage particularly in developing countries, with a certain emphasis on Indonesia. It scrutinizes the strategic implementation and effectiveness of CSV practices, contributes to both social impact and profitability, especially in the context of PT Bank XYZ. The study investigates Bank XYZ's innovative initiatives, including the 'Enhance Young MSMEs' program, aimed at empowering Indonesian MSMEs. This program supports scale up to international market, digital transformation, modern practices, branding enhancement and financial literacy, aligning with Indonesia's 'Emas 2045' vision. The research employs a combination of literature review and qualitative analysis, including interviews with Bank XYZ representative and MSME participants, to understand CSV's role in banking and its impact on competitive advantage in developing countries.

KEYWORDS: Banking Industries; Corporate Shared Value; Corporate Social Responsibility; Competitive Advantage; Developing Countries

INTRODUCTION

In the contemporary business landscape, Corporate Social Responsibility (CSR) has become more than just an ethical decision; it is now a strategic necessity. This development has led to the emergence of Corporate Shared Value (CSV), which suggests that a company's competitiveness and the well-being of the communities surrounding it are mutually dependent (Park 2020; Purba, 2020). This paper explores the use of CSV in the banking industry to gain a competitive advantage. It focuses on implementing CSV practices and using them strategically to achieve economic and social benefits.

The banking industry, with its significant influence on economies and societies, plays a pivotal role in the implementation of CSR and CSV practices. Banks are uniquely positioned to influence society positively, not only through their financial products and services but also through their operational practices and strategic initiatives (Idowu & Filho, 2009). The integration of CSV into the banking sector is not just a response to societal expectations but a business strategy that can lead to sustainable growth and competitive advantage (Porter & Kramer, 2011). By following the CSV approach, banks in developing countries can address social problems and contribute to their business returns simultaneously. The importance of CSV in the banking industry lies in its ability to create a win-win situation for both the bank and the communities it serves (Sachs, Rühli, & Kern, 2019). By following the CSV approach, banks in developing countries can not only fulfill their corporate social responsibilities but also gain a competitive advantage in the industry.

In developing countries, new age banks are recognizing the potential of adopting CSV as a means to achieve both profitability and social impact. This dual advantage allows them to be seen as good corporate citizens while also pursuing ventures that yield financial returns. By integrating CSV allied with CSR initiatives into their marketing strategy, banks can enhance their reputation and credibility, laying the foundation for long-term strategic benefits. This strategic approach aligns with Porter and Kramer's (2011) call for CSR to be succeeded by CSV, especially in developing countries where corporate philanthropy remains a visible method of contributing to society and achieving a competitive edge. Furthermore, in Asian developing countries, the emphasis of CSV in the banking industry lies in supporting local industries, particularly micro, small, and medium enterprises. By leveraging their expertise to empower local businesses, banks can directly contribute to the welfare and development of the society. This approach not only aligns with the principles of CSV but also bolsters the local economy, positioning the bank as a driver of positive change in the community.



By advancing their competitiveness through solving social problems and creating economic and social value, banks can differentiate themselves in the market. While CSV overlaps with other similar concepts, such as CSR, its implementation requires a specific business philosophy and driving forces. As banks navigate the complexities of implementing CSV, it is important to recognize that the integration of financial and non-financial value creation within the CSV and CSR strategies ultimately leads to long-term competitive advantage and sustainability in the banking industry. However, the application and impact of Corporate Social Responsibility (CSR) and Creating Shared Value (CSV) in the banking industry, particularly in developing countries such as Indonesia, present unique characteristics and challenges. Many CSR models, primarily developed in Western contexts, do not fully address the specific needs and dynamics of developing economies (Visser, 2008). Therefore, a tailored approach is necessary to comprehend and implement CSR and CSV in these regions.

The purpose of the study is to explore the current state of CSV in the developing banking industry through a literature review. Analyse how CSV practices can lead to competitive advantage in this sector. This paper begins with an introduction, followed by a literature review, which forms the basis of our qualitative analysis. The review covers CSR and CSV theories and practices, their development and relevance to banking, particularly in developing countries.

RESEARCH QUESTION

1. What are the prevalent Corporate Shared Value (CSV) practices in the banking industry, and how are they implemented?
2. How can Corporate Shared Value (CSV) be strategically used to achieve competitive advantage in the banking industry?

HYPOTHESIS DEVELOPMENT

This literature review align with relevant case aims to explore the necessary topics. Firstly, it will provide readers with an understanding of the concept of CSR and its implementation in developing countries. This is important as many CSR models available today are Western-centric or written by Western authors. Secondly, it will examine CSV practices and their implementation in the banking industry. CSV practices in the banking industry are primarily focused on integrating social and environmental concerns into core business strategies to create economic value that also benefits society. Lastly, strategizing CSV to achieve competitive advantage, creates more mutual benefits for companies and society.

THEORETICAL FOUNDATION

Corporate Social Responsibility (CSR) refers to a company's accountability for any actions that may impact people, their communities, and the environment (Post, Lawrence, and Webber, 2002). According to ISO 26000, social responsibility is a company's obligation to consider the impact of its decisions on society and the environment. This includes acting transparently, ethically, and in accordance with sustainable development principles. It also involves taking into account stakeholders' expectations, complying with laws and international norms. Recently, the effectiveness of a business is measured by its contribution to society and the environment. This reflects the importance of ecosystems, fairness, and good governance for a company's operations.

According to Carroll (2016), Corporate Social Responsibility (CSR) refers to policies and actions that businesses implement to ensure that stakeholders, other than business owners, are taken into account. Philanthropic responsibilities are at the top of the pyramid. Archie Carroll's pyramid of corporate social responsibility highlights that businesses have a responsibility to society that goes beyond profit-making. The pyramid highlights four key responsibilities: economic, legal, ethical and philanthropic. By meeting these responsibilities, businesses can contribute to a more sustainable and equitable future for all (Carroll, 2016: 39-48). Henry David Thoreau (in Wulfson, 2001) observed that philanthropy is often the primary virtue appreciated by mankind. Initially, CSR was viewed solely in terms of philanthropic responsibility. However, CSR has evolved in some quarters to encompass more than just philanthropy and responding to stakeholder interests. It has become an integral part of the new business model (Hohnen & Potts: 1).

Davis and Blomstrom (in Wulfson, 2001) argue that while CSR does not preclude earning a profit, it does require corporations to weigh the benefits against the costs. There are differing opinions on corporate social responsibility (CSR). On the other hand, Porter and Kramer (2011) contend that companies should go beyond traditional CSR and concentrate on creating shared value (CSV). CSV is a framework for creating economic value while addressing societal needs and challenges. It is based on the



idea that businesses can improve their profitability by addressing social and environmental issues relevant to their operations (Porter and Kramer, 2011: 5).

CSV has gained momentum in recent years due to its potential to create a win-win situation for businesses and society. Unlike traditional corporate social responsibility (CSR), which often involves philanthropy, creating shared value (CSV) is about integrating social and environmental considerations into the core business strategy. This approach can lead to innovations that benefit both the company and micro, small, and medium-sized enterprises (MSMEs). For instance, a water bottle manufacturer could create shared value by developing an affordable and accessible water purification system for people in developing countries. The implementation of CSV not only provides a valuable product to MSME but also helps the company reduce its environmental impact (Porter and Kramer, 2011: 2).

CSV is a relatively new concept, but it has the potential to transform the way businesses operate. By focusing on shared value, companies can create a more sustainable and equitable future for all. Companies from all sectors can contribute to the environment and society through their CSR programs. In the banking sector, Corporate Social Responsibility (CSR) has played a significant role in developing countries like India. Tatas, a company in the early industry, pioneered corporate philanthropy and CSR programs in the early 20th century. The company introduced employee welfare measures that had an impact on the national freedom struggle, which was supported by Mahatma Gandhi's movement in the region. In the banking industry, Baxi and Ray (2012: 4) explain that there is a charter of business policy to support social obligations and responsibilities. This includes the initiation of financial services in the social domain to build the Indian economy. Over time, innovation has been carried out by adding value through the development of communities with knowledge (Baxi & Ray: 2012: 121-4).

The significance of corporate social responsibility (CSR) has resulted in the creation of various guidelines that can assist businesses in their CSR endeavours. ISO 26000 is one such widely used standard that businesses can utilise to develop their CSR policies and initiatives (Licandro et al., 2019: 3). For instance Indonesian legal codes require businesses to actively participate in sustainable economic development by committing to uphold social and environmental responsibility (SER), also known as implementing CSR initiatives. Limited liability companies (perseroan terbatas) must execute SER programs that benefit all relevant stakeholders, local communities, and the general public, as mandated by Act (Undang-Undang) No. 40/2007. It is mandatory for all participating businesses to submit a report outlining their actions related to social and environmental responsibility (SER).

The purpose of the study is to explore the current state of CSV in the developing banking industry through a literature review. Analyse how CSV practices can lead to competitive advantage in this sector. This paper begins with an introduction, followed by a literature review, which forms the basis of our qualitative analysis. The review covers CSR and CSV theories and practices, their development and relevance to banking, particularly in developing countries. The last stage is the example of implementation in banking industry in Indonesia.

DATA ANALYSIS METHOD

This research commences with literature review that chosen for its effectiveness in summarizing existing literature, identifying gaps, and guiding professional practice. The focus is on the evolution of Corporate Social Responsibility (CSR) to Corporate Shared Value (CSV) and its implementation in the banking industry, with a case study on Bank XYZ. The literature search involves querying databases like Science Direct, Google Scholar and other reputable resources using keywords such as "corporate social responsibility", "history of CSR", and "evolution of CSR" "Corporate Shared Value" "CSV", "CSR in Banking Industry", "CSV in Banking Industry". The search is conducted in titles, abstracts, and article bodies, prioritizing relevance. The selection process involves reviewing titles, keywords, abstracts, and, where necessary, introductions and scopes of articles.

The research employs an integrated approach to data analysis, combining qualitative methods for a holistic understanding. First stage is content analysis and value proposition analysis. This is applied to interpret in-depth interviews conducted with representatives from Bank XYZ and MSMEs participating in the program. The analysis focuses on identifying key themes and patterns in the responses, providing insights into the perceptions and experiences of the respondents. In addition, the validated value propositions, particularly in the context of the Business Model Canvas. This analysis is crucial for understanding expectations and outcomes of the program from both the company's and participants' perspectives. Next stage is competitive advantage analysis conducted by analyse the internal and external factors as well as the upcoming strategy. The final stage involves synthesizing insights



from both the literature review and data analysis. This integration allows for a nuanced understanding of how Bank XYZ’s CSV initiatives, particularly the Enhance Young MSMEs program, contribute to competitive advantage in the banking industry of developing countries.

DISCUSSION

A. Understanding CSV Practices and the Implementation in the Banking Industry

According to Menghwar and Daood (2021), CSV (Creating Shared Value) has played a major role in linking different fields of study, such as CSR (Corporate Social Responsibility), social innovation, non-market strategy and social entrepreneurship, which were previously separate from each other. Unlike the old way of doing CSR, which is mostly about giving back to society, CSV aims to solve social and environmental problems while making a profit. Porter and Kramer suggested in 2011 that CSV should replace CSR, but it's better to think of CSV as complementing or enhancing existing CSR efforts, especially in developing countries. Porter and Kramer (2011) introduce the concept of Creating Shared Value (CSV) and distinguish between the two along three key dimensions. First, CSR activities are primarily aimed at enhancing corporate reputation or as a response to external pressures, whereas the objective of CSV is to simultaneously strengthen the competitiveness of the firm and improve socio-economic conditions.

Second, CSR initiatives tend to be more disconnected from core business objectives, whereas CSV activities are more integrally linked, reconceptualising the intersection between societal well-being and business performance. Finally, CSR is not based on the notion of 'sharing', but rather focuses on the redistribution of profits generated by the company. In contrast, CSV aims to improve the health and success of communities, which in turn provide vital public goods that benefit both companies and the environments in which they operate. Conceptually, both society and the company emerge as beneficiaries in the CSV model. Thus, while CSR can be seen as a zero-sum game, CSV takes a more positive-sum approach (Porter & Kramer, 2011). The conclusion of the above explanation is shown in the table below.

Table 1. Differences between CSR and CSV

CSR	CSV
Doing good	Societal & Economic benefits
Citizenship, philanthropy, sustainability	Joint Company-community value creation
In response to external pressure	Integral to competing
The agenda is influenced by external reporting as well as personal preferences.	The agenda is specific to the company and is created internally.
Separate from profit maximization	Optimizing profits is dependent on this aspect.
The impact is restricted by the size of the company's operations and the amount of resources allocated towards CSR	Realigns the entire company budget

(Source: Porter and Kramer, 2011)

Table 2. Differences between CSR and CSV

Indicators		CSR	CSV
Motivation	Reputation, external pressure, etc	v	
	Competitiveness		v
Relation to business	Disconnected	v	
	Connected		v
Beneficiary	Society	v	v
	Corporation		v
Overall	Zero-sum	v	
	Positive Sum		v

(Source: Porter and Kramer, 2011)



Several authors (e.g. Bowman and Ambrosini, 2000; Jensen, 2001) argue that companies should prioritise value creation over profit maximisation and make it the primary motivation and focus of business analysis. Freeman (1984) notes that there is a significant body of literature that points to the multi-dimensionality of value creation. Scholars have gone beyond the traditional neo-classical view of business and highlighted the significance of non-economic business functions (Brickson, 2007). The authors propose a novel perspective on the relationship between a firm and society. According to this view, business organisations are institutions that manage the link between a firm and its environment (Jensen, 2001). In the context of stakeholder management, creating value involves improving and innovating in two essential aspects: economic and social. A company's capacity to create social value is derived from its ability to generate positive externalities, which in turn stems from the creation of economic value. This residual value enables producers to transform resources and address societal challenges while seeking opportunities to maximize economic value (Auerswald, 2009). Carroll (2016) is credited with developing the concept of Corporate Social Value (CSV) from the Corporate Social Responsibility (CSR) theory. According to Carroll's CSR pyramid model, there are four fundamental components: (1) economic, (2) legal, (3) ethical, and (4) philanthropic.

Table 3. Different Implementation of Carroll’s Pyramid in Developed Country and Developing Country

Carroll’s CSR Pyramid in Developed Country	Carroll’s CSR Pyramid in developing countries (Visser, 2011 in Carroll, 2016; Alfiansyah, 2022)

(Source: Visser, 2011 in Carroll, 2016; Alfiansyah, 2022))

Carroll's CSR Pyramid model suggests that businesses should aim to fulfill all aspects of responsibility - economic, philanthropic, legal, and ethical - simultaneously, rather than focusing on them separately. Typically, in developed countries, this model is followed in a certain order. However, in developing countries, the priority often starts with economic responsibility, then moves to philanthropic, legal, and finally ethical responsibilities. This approach is seen in developing countries as a means to boost the local economy, attract investments, and combat poverty.

In Indonesia, companies structured as Limited Liability Companies (Perseroan Terbatas) are mandated by Act No. 40/2007 to adhere to social and environmental sustainability (SER) standards. The primary goal of SER is to foster sustainable economic growth, improve local community welfare, and strengthen the bond between the company and the community. While various sectors engage in Corporate Social Responsibility (CSR) activities, the banking industry is uniquely positioned to support a wide array of projects. These projects can range from community development to education and training, enhancing the bank's operations. The extent of these initiatives depends on the bank's goals and priorities. Since the 1980s, banks have been including environmental and social considerations in their business models (Papageorgio et al., 2019)

The involvement of banks in environmental issues can be seen in three stages: first, addressing environmental concerns internally; second, integrating environmental and social considerations into their financial activities; and third, actively contributing to sustainable development. Larger banks, often under external pressure, are more inclined to adopt social and environmental responsibility practices and focus more on sustainability. Following Porter and Kramer's approach (in Bockstette et al., 2015), banks



can create shared value in three ways: by enhancing client prosperity, boosting regional economies, and financing solutions to global challenges. During economic downturns, banks have used economic development strategies to maintain financial stability. By investing a part of their profits in these initiatives, they demonstrate their financial health and profitability to the public. Furthermore, incorporating sustainable practices can increase customer loyalty and attract new clients, benefiting both the bank and its customers.

B. Strategizing CSV to Achieve Competitive Advantage

Understanding the importance of a competitive advantage in our Creating Shared Value (CSV) initiative raises questions about its implementation. Mintzberg et al. (1998) explain that strategizing can either be a planned process or an evolving pattern. For CSV, incorporating social issues into a company’s strategy is a deliberate choice from the start. This strategic planning is crucial as it guides the company’s direction, focuses efforts, and ensures uniformity across the organization. While there are different interpretations of strategy, all agree it should address competitive advantage, the company's external (like industry and competition) and internal environments (such as resources and their allocation), and optimizing value chain activities for resource use (Hofer and Schendel 1978, in Ilmarinen & Akpinar, 2018: 4).

Strategy operates on several levels: corporate, business, and functional (De Wit and Meyer, 2004; Thompson et al, 2022). We are focusing on business-level strategy, which involves how a company competes in specific areas and decides which market segments to target with certain products or services (Ilmarinen & Akpinar, 2018: 4). Porter (1985) describes strategizing as selecting the best position against industry competition. A leading company must provide a unique value, meeting customer needs differently than competitors, either through lower costs or distinct products and services.

Pfizer et al. (2013) state that CSV starts by integrating a social purpose into the company's culture. This means recognizing societal needs and using resources for innovations that address these needs. It’s important to continually measure economic and social value, create an effective innovation structure within the company, and work with external stakeholders for innovation towards CSV. CSV has three types: 1) Innovating products and markets; 2) Improving productivity in the value chain; and 3) Promoting local cluster development. In the case of Bank XYZ, the emphasis is on local cluster development. Clusters are geographical groups of related companies and institutions, which benefit from proximity by gaining higher productivity and fostering innovations (Porter 1998, 78; Delgado et al., 2010).

Before determining a company's competitive advantage, it’s vital to analyze both its external and internal environments. Two crucial aspects are: (1) the external environment, focusing on industry competition, and (2) the internal environment, highlighting the company's resources and capabilities (Thompson et al., 2022: 14). For external analysis, several methods like PESTLE, PEST, and DESTEP can be used.

Table 4. Summary of External Analysis Methods

	Summary of Methods
PEST	Companies use a method called PEST analysis to understand the big picture of their business environment. This method helps them see how markets are changing, how well they're doing, what opportunities they have, and how to steer their operations. It looks at political, economic, social, and technological aspects. PESTEL is a broader form of this, adding environmental and legal/regulatory factors to the mix.
PESTLE	PESTEL analysis is a way for companies to examine outside factors that could impact them. It focuses on six main areas: Demographic, Economic, Social, Technological, Ecological, and Political elements. Even though it doesn't explicitly include Legal factors, PESTEL is still a good way to spot how these big environmental factors might affect a business
DESTEP	It is a useful tool for businesses to assess external environmental factors. The model is based on six major factors: Demographic, Economic, Social, Technological, Ecological, and Political. Although the Legal factor is not included, PESTEL analysis remains an effective way to identify potential macro-environmental impacts on an organization.



When companies look at their competitors, they're trying to find out if their strategies give them an edge. The important questions are: Does the strategy give them a competitive advantage? Will this advantage last? Strategies that don't lead to an edge over competitors usually don't bring great results. Also, if the advantage isn't long-term, any success might be short-lived.

Effective strategies help a company gain and keep a strong position against competitors. The strength and duration of this advantage are crucial (Thompson et al., 2022: 14). Basically, the bigger and longer-lasting the advantage, the more powerful it is

Table 5. Summary of Competitive Analysis Methods

	Summary of Methods
Porter 5 Force	he five forces model is another tool to understand competition in an industry. It considers five key aspects: the threat of new companies entering the market, the power of suppliers, the power of customers, the threat of alternative products/services, and the level of competition in the industry
Porter Generic Strategies	Porter’s Generic Strategies suggest companies can achieve an edge over others by focusing on Cost Leadership, Differentiation, or Focus (either cost focus or differentiation focus)
SOAR Analysis	Michael Porter's SOAR Framework helps predict competitors' moves. It looks at their Strategy, Objectives, Assumptions, and Resources. This framework is also used in strategic planning to concentrate on a company's strengths and future vision

Last about internal analysis, methods that can be used such as: 1) VRIN or VRIO and 2) Value Chain Analysis

Table 6. Summary of Competitive Analysis Methods

	Summary of Methods
VRIO/VRIN	VRIN is a way to evaluate a firm's resources and abilities based on four criteria: Value, Rarity, Imitability, and Organization. Thompson et al. (2022) describe VRIN as an acronym for Valuable, Rare, Inimitable, and Nonsubstitutable
Value Chain Analysis	To create value for customers, a company needs to understand its main and supporting activities. Analyzing these activities helps figure out where value is added and where costs occur.

C. The Implementation of CSV in Banking Industry in Developing Countries

Several studies have delved into how the banking sector can adopt the concept of corporate shared value (CSV). Islam (2019) and Ilmarinen (2018) both stress the significance of banks recognizing and addressing societal needs that have been overlooked, and investing in initiatives that benefit the community. Ilmarinen, in particular, points out the crucial role smaller banks play in enhancing the prosperity of their clients. Omar (2022) examines Discovery Bank in South Africa as a case study, showing how the bank has successfully implemented a shared-value banking model. This approach has not only opened up new markets but also significantly improved client engagement. Additionally, Islam (2018) observes that Islami Bank Bangladesh Limited has effectively created shared value. This has been achieved by introducing innovative banking products, rethinking their product offerings and market strategies, and reshaping their value chain to be more inclusive.

In Indonesia, the adoption of CSV practices in banking is driven not only by global trends in sustainability but also by strategic necessity. The Indonesian government, through Act no. 40/2007, requires companies to meet certain social and environmental sustainability standards. This law reflects Indonesia's dedication to sustainable development and sets a precedent for Indonesian banks to integrate CSV practices. These practices are seen as essential for complying with legal mandates and for promoting both economic growth and the welfare of society. Indonesian banks are increasingly aware that their sustained success is closely linked to the health and prosperity of the communities they operate in, as noted by Agustina et al (2019)

Collectively, these studies highlight the significant opportunity for banks to generate shared value through their fundamental business activities. This approach benefits both society at large and the banks themselves, creating a mutually beneficial relationship.



Adopting Porter and Kramer's strategy (2011), banks can generate shared value through three key methods: improving client wealth, supporting local economies, and funding solutions for worldwide issues. In times of economic hardship, banks often employ strategies focused on economic development to stay financially stable. By allocating some of their profits to these efforts, they not only show their financial robustness to the public but also enhance their profitability. Additionally, by adopting sustainable practices, banks can boost customer loyalty and attract new clients, creating advantages for both the bank and its customers.

Firstly, to improve wealth, banks can adopt a Corporate Shared Value (CSV) strategy focused on financial inclusion. This approach, as Demirgüç-Kunt et al. (2018) point out, is crucial for economic growth in developing countries. Banks can also offer financial products tailored to local needs, a method proven successful by microfinance initiatives in enhancing client wealth, as noted by Ledgerwood & White (2006). Additionally, implementing financial literacy programs is particularly important in less developed economies, as emphasized by Atkinson and Messy (2013). Secondly, banks can support local economies through financing small and medium-sized enterprises (SMEs) or engaging in community development projects. The significant role of banks in fostering local economic growth through such initiatives (Mohan, 2006; Beck and Demirguc-Kunt, 2006). Lastly, banks can contribute to addressing global challenges by investing in sustainable finance, engaging in cross-border collaborations, and exploring innovative financing models. These approaches are essential for financing sustainable development and have been shown to be benefit of such collaborations (Scholtens, 2009; Ouma et al., 2017; Flammer, 2021).

D. Case Study of PT Bank XYZ: Strategizing CSV to Achieve Competitive Advantage

CSR practices have distinct features in developing countries, particularly in the banking sector. An interesting case is Bank XYZ, a major bank in Indonesia, and its role in boosting the local economy through CSR initiatives. Bank XYZ stands out not just for its banking services but also for its support of the Indonesian government's economic and social goals. This paper will explore Bank XYZ's innovative programs designed to fulfill its vision and mission. A key focus is the Bank XYZ program 'Enhance Young MSMEs', aimed at empowering Indonesian MSMEs. This program supports these enterprises to expand their businesses, embrace digital and modern practices, strengthen their branding, improve financial literacy, and contribute to the 'Indonesia Emas 2045' vision (Enhance Young MSMEs. 2023).

In their study, Marvis & Geogins (2017) discovered that both internal and external factors significantly influence a company's ability to achieve its mission effectively. For external analysis, which includes evaluating competitors, the PESTLE framework is recommended. This framework is favored because it thoroughly assesses potential threats and weaknesses in the external environment. On the other hand, for analyzing competitors specifically, the SOAR framework is suggested. This framework is ideal as it provides a comprehensive understanding of the unique aspects and strengths of competitors' programs. As for internal analysis, the VRIO framework is the preferred method. This framework is useful for determining if the Enhance Young MSMEs Bank XYZ program has distinct advantages, focusing on its strengths and opportunities.

In terms of external analysis of the Enhance Young MSMEs program, insights were gathered from participants and through a PESTLE analysis. Interviews were conducted with qualified MSMEs from 2020 and 2022, as well as with 2023 participants through online and direct interviews at the main event from December 1-10, 2023 for 16 participants. These interviews aimed to understand the social impact of the program from the perspective of MSMEs. They provided a comprehensive view of how Bank XYZ's values are reflected in the program, particularly in terms of scaling up businesses post-pandemic, increase digitalization, global expansion, modernization, branding enhancement, and improving financial literacy. The interviews also sought to identify issues, strengths, and weaknesses that MSMEs wanted to share about the program. Key findings from the interviews include:

1. Enhance Young MSMEs Program Implementation in Digitalization, Expand in Global market, Modernization in its operation, Branding, and Financial Literacy:

The program's focus on essential business skills, readiness for export, and digital capabilities has led to increased revenue and organizational improvements for the participants. The response to the Global Expansion value initiative was varied, with some participants indicating a need for more practical, hands-on guidance in this aspect.

2. Enhance Young MSMEs Program Facilities, Accommodation, and Infrastructure:

The facilities received an 8/10 rating, showing a high level of satisfaction and perceived value from the program's comprehensive resources.



3. Enhance Young MSMEs Community Relationship and Networking:

A majority of the top 20 MSMEs participants in the Enhance Young MSMEs program reported a lack of ongoing support or follow-up programs.

Summary of PESTLE Analysis

Table 7. Summary of PESTLE Analysis

Variables	Analysis	Conclusion
Politics	The Indonesian government is dedicated to supporting MSME development as they are the backbone of the economy. The recovery of MSMEs is a key aspect of the national economic revival plan, with programs like Enhance Young MSMEs program receiving substantial government backing as part of state-owned enterprises' initiatives to address their challenges.	Opportunity
Economic	Indonesia has the highest proportion of MSMEs among ASEAN countries. However, despite government support, many MSMEs struggle with financial tracking and lack of digital skills. The Enhance Young MSMEs program can empower these small businesses.	Opportunity
Social	Indonesia's young and productive population is an advantage from 2020-2023. However, the COVID-19 pandemic worsened youth unemployment. Young entrepreneurs are vital for economic growth but they lack skills. Enhance Young MSMEs program should encourage youth entrepreneurship to reduce youth unemployment.	Opportunity
Technological	With over 213 million internet users as of January 2023 and a booming e-commerce sector projected to hit \$62 billion by 2023, digital adoption is crucial for MSMEs. Already, 13.7 million Indonesian MSMEs have entered the digital ecosystem. Long-term success for these enterprises will depend on embracing digital strategies, including IT infrastructure, production processes, and market expansion.	Opportunity
Legal	The Omnibus Law (Law No.11 of 2020), amending Law No. 20 of 2008, provides a supportive framework for MSME development. It includes provisions for easier financing access, legal certainty, and special allocation funds, all aimed at empowering MSMEs.	Opportunity
Environmental	At the G-20 Summit, President Jokowi emphasized supporting MSMEs in Indonesia's green policy. The government can facilitate sustainable finance, use parent companies, and create a conducive environment. However, environmental regulations pose challenges as many MSMEs lack adaptability.	Threat

(Source: Author)

Competitor Analysis

Table 8. Summary of Competitor Analysis

Company Program	Bank			Non Bank
	PT XYZ	PT ABC	PT HIJ	Company AIU
Attributes:				
Positioning and segments	This project is centered on equipping Indonesian entrepreneurs, particularly young MSME owners, for export, digitalization,	Bank ABC's CSR program focuses on fostering young entrepreneurs in Indonesia. Since 2007, it has produced over 50,000 alumni,	This scale-up business program targets young entrepreneurs from different Indonesian regions, aiming to support their	The initiative strives to develop an entrepreneurial ecosystem in Indonesia, with activities in Surabaya and Jakarta. It



	and modernization.. The goal is to nurture resilient entrepreneurs who can serve as role models and local heroes at various levels, from local to international.	emphasizing the creation of resilient, innovative entrepreneurs with societal impact.	advancement and contribute to economic recovery.	involves a national selection process from a wide array of business ideas.
Business and Social Approach	The initiative includes an acceleration program for young Indonesian entrepreneurs, enhancing MSME development through human resource development, innovation, and technology utilization. Participants receive mentoring from successful entrepreneurs, access to a superior business curriculum, engage in competitions, and have the chance to win prizes from Bank XYZ.	The program involves several stages, including administrative and Business Model Canvas selection, online presentations for the top 20 business plans, advancement to national levels, and a Bootcamp & Awarding phase. It features mentoring from experts and evaluations by a national jury.	The program includes a competition of business ideas and seminars, providing knowledge, input, and motivation from experienced speakers. It progresses through stages from internal to city selections in Jakarta and Bandung.	Selection is based on factors like national character, governance, environmental, and social culture considerations. The program emphasizes comprehensive business understanding, including financial, process, and environmental impacts.
Key Figures	Mentors in the program are industry experts and seasoned business practitioners. The top five participants can win a total of 265 million IDR and may also qualify for 0% interest loans from XYZ.	Competitions in the program cover Business Plan and Business Existing categories, with a detailed selection process and awards for the best in various business sectors.	Eligibility criteria include being a business owner aged 18-45, having a business operational for at least a year, and achieving a minimum monthly turnover of 50 million IDR. The focus areas are Food & Beverages and Fashion & Handcraft.	After the national selection, the top 45 challengers move to the next stage. Winners receive up to 2.5 billion IDR in business capital, continuous mentoring from professional business coaches, and membership in the Diplomat Entrepreneur Network.

(Source: Author, adapted from Bank XYZ, Bank ABC, Bank HIJ, Company AIU Website)

Internal Analysis

Problem identification is collected from an interview the observation in Enhance Young MSMEs program of PT XYZ. Enhance Young MSMEs program has two types of resources and capabilities (intangible and tangible), based on the questions as follows:



VRIO Analysis of Enhance Young MSMEs from PT XYZ

Table 9. Result of VRIO Analysis

Resources		Valuable	Rare	Costly to imitate	Organized	Competitive consequences	Implication
Tangible	Physical Resources	Yes	No	No	Yes	Competitive Parity	Average return
	Financial	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Above average return
	Technology	Yes	No	No	Yes	Competitive parity	Average return
	Mentor & Module	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Above average return
Intangible	Human capital	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Above average return
	Reputation	Yes	Yes	No	Yes	Sustainable Competitive Advantage	Above average return
	External Relationship	Yes	Yes	Yes	No	Sustainable Competitive Advantage	Above average return
	Program's Culture and Incentives	Yes	Yes	Yes	No	Sustainable Competitive Advantage	Above average return

(Source: Author Analysis)

Summary of Internal and External Analysis

Table 10. SWOT Analysis

Internal: Company		External: Competitor, PESTLE, and Participated MSMEs (Social)	
Weakness	Strength	Opportunities	Threat
Lack of Tracking and Evaluation after program ends	desire to continuously improve: range of cities and business categories	The potential for this program is supported by the following elements: Potential Politics,	Have many competitors that provide strong program in many cities in Indonesia and supported by many elements of actors



		Economics, Social, Technology, Legal	(government, university, industry/business, media).
Lack of Community empowerment (the involvement of Enhance Young MSMEs program's alumni)	comprehensive curriculum and innovative approach (beyond traditional financial support) that offers several values	Potential for collaboration and partnership with government, industry, and university in this program	Environment still poses a significant threat, as it is not yet fully supportive of the shift, and many MSMEs lack the flexibility to adapt
limited availability, which is only in a few cities in Indonesia	Experienced mentors	Improve the implementation of Go Global value	The expected outcome for the revenue stream from customers is likely to take a long time
Low of Collaboration with Government, Industry, and University in this program	facility for online and offline program		No follow-up program from Bank XYZ to most of MSMEs after program ends
Low of Variety of business (only three categories) and Intensity of Training especially in go global program	positive experience and opportunity to connect with experienced business leaders		
Do not have KPI yet	focus in scaling up young entrepreneur with range revenue Rp 50 million/month		
	Offer three categories: FnB Fashion, and Handicraft		
	Annual main events and several MSMEs bazaar expo		

(Source: Author)

Overall, the study's internal and external analyses, utilizing frameworks like PESTLE, External Analysis, and VRIO, reveal the significant impact of both internal capabilities and external market conditions on the program's effectiveness. Insights from MSME participants highlight the program's success in enhancing business skills and readiness for global markets, though they also suggest a need for more continuous support and practical guidance in certain areas. Overall, the findings underscore the critical role of comprehensive CSV initiatives like those of Bank XYZ in driving economic growth and development in the context of developing countries like Indonesia.



CONCLUSION, LIMITATIONS, AND SUGGESTIONS

E. Conclusion

This journal offers a detailed examination of the role Corporate Shared Value (CSV) plays in enhancing the competitive edge of banks in developing countries. It underscores how integrating CSV into banking services not only meets societal demands but also brings mutual advantages to both the banking sector and the social sector. Many CSR models do not fully address the specific needs and dynamics of developing countries, having been developed primarily in Western contexts. The study focuses on effective ways to boost CSV practices, drawing on real-world examples from PT Bank XYZ. These examples demonstrate how CSV can be practically applied to improve business processes and benefit society by analysing internal and external factors, such as social issues, in the creation or enhancement of CSV programs. As a result, there are business opportunities for both social and business value.

F. Limitation and Suggestions

This journal offers a detailed examination of the role Corporate Shared Value (CSV) plays in enhancing the competitive edge of banks in developing countries. It underscores how integrating CSV into banking services not only meets societal demands but also brings mutual advantages to both the banking sector and the social sector. The study focuses on effective ways to boost CSV practices, drawing on real-world examples from PT Bank XYZ. These examples demonstrate how CSV can be practically applied to improve business processes and simultaneously benefit society.

Future studies should incorporate a more comprehensive strategic analysis, including tools like TOWS and updated Business Model Canvas, to explore CSV optimization. Primary research through surveys and interviews across various banking institutions in various countries are recommended. Additionally, examining the influence of regulatory and cultural contexts on CSV implementation and conducting longitudinal and comparative studies can provide deeper insights into CSV strategies and their long-term impacts in different economic settings.

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