

Creating shared value (CSV) based on the system in yoga related to corporate awareness in the practice of corporate social responsibility (CSR)

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ABSTRACT

Along with the changing time, CSR activities carried out by companies currently have been able not only to improve the welfare of the community but also to create shared value. In this concept, companies must be aware that creating shared value (CSV) is able to produce benefits to be shared and is more than just focusing on social responsibility. Companies should not only take corrective actions, but also reorganize the business strategies they use starting from the stages of planning and production to the stage of distribution to the end consumer, while still considering the factors of the company (economy), human and environment, or often referred to as the triple bottom line (profit, people, planet). This study aims to observe the development and disclosure of CSV in companies by using sustainability reports based on the system in yoga. Judging from the type of data, the approach used in this study is a qualitative descriptive approach. The research data used is the Sustainability Reports of Coca-Cola Company, Ltd., Nestle, and PT. Unilever Indonesia, Tbk for 2018. The results of this study show that the three companies have implemented CSV activities which are expressed in 5 Yamas Yoga: Ahimsa/non-violence; Satya/truthfulness/non-falsehoods; Asteya/honesty, non-stealing; Brahmacharya/Self-control; and Aparigraha/non-possessiveness, non-greediness. not expecting, asking, or accepting inappropriate gifts from any person.

ABSTRAK

Seiring dengan perubahan zaman, kegiatan CSR yang dilakukan oleh perusahaan saat ini telah mampu tidak hanya meningkatkan kesejahteraan masyarakat, tetapi juga menciptakan nilai bersama. Dalam konsep ini, perusahaan harus sadar bahwa menciptakan nilai bersama (CSV) mampu menghasilkan manfaat untuk dibagikan dan lebih dari sekadar berfokus pada tanggung jawab sosial. Perusahaan seharusnya tidak hanya mengambil tindakan korektif, tetapi juga menata ulang strategi bisnis yang mereka gunakan mulai dari tahap perencanaan dan produksi hingga tahap distribusi ke konsumen akhir, sambil tetap mempertimbangkan faktor perusahaan (ekonomi), manusia dan lingkungan, atau sering disebut sebagai triple bottom line (laba, manusia, planet). Penelitian ini bertujuan untuk mengamati perkembangan dan pengungkapan CSV di perusahaan dengan menggunakan laporan keberlanjutan berdasarkan sistem dalam yoga. Dilihat dari jenis data, pendekatan yang digunakan dalam penelitian ini adalah pendekatan kualitatif-deskriptif. Data penelitian yang digunakan adalah Laporan Keberlanjutan dari Coca-Cola Company, Ltd., Nestle, dan PT. Unilever Indonesia, Tbk untuk tahun 2018. Hasil penelitian ini menunjukkan bahwa ketiga perusahaan tersebut telah menerapkan kegiatan CSV yang dinyatakan dalam 5 yamas dalam Yoga: Ahimsa/tanpa kekerasan; Satya/kebenaran/tanpa-kepalsuan; Asteya/kejujuran, tidak mencuri; Brama-charya/Kontrol diri; dan Aparigraha/tidak posesif/tidak tamak/tidak mengharapkan, meminta, atau menerima hadiah yang tidak pantas dari siapa pun.

1. INTRODUCTION

As time changes, CSR activities carried out by companies currently not only have improved the welfare of the community, but also have created shared value (CSV). Unfortunately, their activities that they carried out in the form of donations or cash assistance have not really got their target and, therefore, seem futile. Company leaders have recognized that this social problem can become obstacles for the company's operation and growth. Many company leaders strive to design and implement initiatives that can provide social and business benefits. But in practice, they are still unable and even do not know how to examine social problems at the level to drive positive change.

There is some lack of experience in this case. This includes the lack of CFO experience in measuring and linking social and business outcomes. It also includes building a network of external stakeholders such as foreign organizations. All these are their challenge so that they have to create some efforts to solve this problem (Pfitzer, 2013). To create profitable social activities, executives must implement a framework consisting of five mutually reinforcing elements: instilling social goals, firmly defining social needs, measuring social and business values, creating optimal innovation structures, and working with external stakeholders.

Shared Value, according to Porter and Kramer (2013), can be defined as operational policies and practices that enhance company competitiveness while advancing economic and social conditions of the communities where the company operates. Creating Shared Value (CSV) focuses on identifying and broadening the relationship between social and economic progress. This concept rests on the premise that economic and social progress must be addressed using the principles of values. One example is the company NESTLE. They argue: "A company with a global scale is obliged to not only operate responsibly, but also have a great opportunity to be able to create long-term benefits for the society. We call this Creating Shared Value, and we apply it in all parts of our business." Companies must be fair and balanced in running their business, by trying to pay attention to internal and external companies to achieve goals.

A balanced life is what everyone hopes. In this case, yoga is a system of practice that trains the body and mind to be in harmony.

It is believed that when the body becomes healthy, the mind becomes clearer, focused, and far from stressed (Yadav, 2015). The term 'yoga' comes from the Sanskrit language which means "to join, to unite". The practice of yoga has a holistic effect and balances the body, mind, awareness, and spirit, so that the optimal process of unification makes it easier for a person to achieve the quality of life as expected.

Based on the result of an empirical study, it was found that, in a business context, the practice of spiritual yoga could improve the formation of business intentions and characteristics focusing on shared values (Pavlovic and Corner, 2014). The study was conducted by linking spiritual practices using the term in yoga with corporate awareness in carrying out activities that create shared value (CSV). According to Moore (2014), since its emergence, CSV concept has received a lot of attention both among academics and in various economic sectors, especially in large companies. Furthermore, According to Moore (2014), in the three years since the article was published, Creating Shared Value (CSV) has gained credibility, legitimacy and momentum as a new way of doing business. Therefore, by doing a yoga, executives are expected to improve their business intention and characteristics to gain shared values.

Based on the theory and previous studies, this research aims to observe the practice of creating shared values (CSV) in companies as presented in their sustainability reports by adjusting their activities in terms of yoga.

2. THEORITICAL FRAMEWORK AND HYPOTHESIS

Legitimacy Theory

Legitimacy theory is based on the idea of a social contract which limits the activities of organizations within the boundaries set by society (Gray, Owen, & Adams, 1996). Basically, organizations will get support from stakeholders and continue their activities as long as the activities provide benefits, or at least do not harm the community. According to this theory, the organizations strive to ensure that their operational activities are still within the boundaries and norms of their respective communities, by trying to ensure that their activities are perceived by outsiders as a 'legitimate' thing. In the social and environmental accounting literature, legitimacy theory seems to imply that the top

management of an organization is responsible for recognizing the legitimacy gaps and carrying out the necessary social practices. Thus, companies, particularly internal governance structures, play an important role in reducing the legitimacy gap through extended CSR disclosure (Khan & Muttakin, 2013). For that reason, when the companies' activities can benefit their societies and this eventually can reduce the legitimacy gap, and finally they will get support from the society.

Creating Shared Value (CSV)

Creating Shared Value (CSV) is a business strategy that emphasizes the real problem, including social problems and therefore it needs designing the corporate strategy. CSV, a development of CSR, is considered a solution to the weaknesses that arise in the CSR concept (Porter and Kramer, 2013). Besides that, CSV is a company policy and practices that enhance company competitiveness while advancing social and economic conditions in the communities where the company sells and operates. Porter and Kramer argued that all benefits were not the same. Profit that involved shared values allowed the community to progress and the company to grow faster. They predicted that incorporating social issues into strategy and operations would be the next major transformation in management thinking. In the early stages, it was seen that CSV initiatives which had been championed by several large multinational private companies such as Nestle, Intel, Unilever, The Coca-Cola Company and Western Union (Moore, 2014). Thus, how to create shared values is by designing a corporate strategy as a solution to the social problem and this can be done through CSV.

The Relationship between Yoga and CSV

Jyoti Morningstar, founder of yoga clothing brand We'ar (in Pavlovic and Corner, 2014), illustrates how practicing yoga can improve the work of the body system, the nervous system and all organs of the body. In turn, this creates space and energy to be more generous towards others, "to care in great detail about what is happening inside and around through the results of actions". Yoga philosophy views the tension of a business as a cause of dishonest and unethical actions (Satchidananda, 2004). Yoga has practices that are designed to harmonize internal and external environments.

The first set of these exercises is called *yamas*, social codes to harmonize social relations. Jyoti trains *yamas* and sees his company as a personal opportunity to realize these social codes. Jyoti tries to build collaborative communication in all aspects of the business. For employees, this includes transparency and humane job descriptions, procedures for setting goals and tasks that can be achieved, but still inspirational. For external business stakeholders, practicing *yamas* requires honest transactions with suppliers and customers. He explained how his company always tried to be ethical and obey the law through transparency in handling all transactions.

3. RESEARCH METHOD

Research Procedure

Based on the background and theory described above, the approach used in this research is a qualitative approach to understanding the phenomena of what is experienced by the research object by describing it in words, in a special natural context and by utilizing various scientific methods (Moleong, 2007). Qualitative research is conducted to find out and explain the characteristics of the variables studied in a situation. So it can be concluded that qualitative-descriptive research is research that is used if the research factors cannot be quantified or cannot be calculated so that variables cannot be expressed with numbers such as perceptions, opinions, assumption and so on.

Research Object

This research was conducted by collecting data or research objects derived from the 2018 sustainability reports of Coca-Cola Company, Ltd., Nestle, and PT. Unilever Indonesia, Tbk. These three companies were selected as research objects because these companies were pioneers in introducing CSV activities globally (Moore, 2014).

Instrument Development

Creating Shared Value (CSV)

CSV is a guideline that is applied in a company business model which prioritizes social and environmental interests before achieving company profits. CSV, a development of CSR, is considered capable of being a solution to the weaknesses existing in the CSR concept. Recently, since the concept of CSV emerged, it has received a lot of attention both among

academics and in various economic sectors, especially in large companies. According to Moore (2014), during three years since the article was published, Creating Shared Value (CSV) has gained credibility, legitimacy, and momentum as a new way of doing business.

In this study, the CSV activities carried out by companies are examined through the companies' sustainability reports. In addition, this study also reveals how many activities to be carried out on the basis of predetermined guidelines

Yamas Yoga

Yoga (Pavlovic and Corner, 2014) has practices designed to harmonize internal and external environments. The first set of these exercises is called *yamas*, social codes to harmonize social relations. Jyoti Morningstar, founder of yoga clothing brand We'ar trains *yamas* and sees his company as a personal opportunity to realize these social codes, with the following details:

Ahimsa/non-violence

To serve partners, suppliers, and customers with care and affection; to maintain transparency in organizational systems and job descriptions; to design goals that can be achieved by employees; and to see failure as an opportunity to learn.

Satya/truthfulness; non-falsehoods

To clearly inform about company expectations to company partners, suppliers and employees; to carry out practice of truth in promotion to the community; to maintain transparency of business practices both inside and outside the company

Asteya/honesty; non-stealing

To create shared value through new ventures with partners, suppliers and customers; to respect the intellectual capital of partners and suppliers; to create a supportive atmosphere for employees that is free from fear; to design a transparent HR recruitment system.

Brahmacharya/Self-control

To train self-control in negotiations with suppliers, potential partners, and distributors; to train self-control toward employees; to display the attitude of love rather than other emotions; to create collective support system rather than focus on individuals.

Aparigraha/ non-possessiveness; non-greediness; not expecting, asking, or accepting inappropriate gifts from any person

Not to take bribes; to be generous to customers, suppliers and distributors; to give Fair salary/compensation, and equitable employee training.

Data Analysis Method

This research is a comparative study that compares two or more symptoms. Comparative study can be in the form of descriptive-comparative or correlation-comparative, comparing the same variables for different samples (UlberSilalahi, 2009).

Each company CSV practice existing in the three companies' sustainability reports obtained is analyzed and categorized into five *yamas* of yoga: ahimsa, satya, asteya, Brahmacharya and aparigraha according to the definitions explained in the previous sub-chapter. This research will conclude whether or not each company has implemented healthy business practices that create shared values for the sake of internal and external balance and prosperity of the company.

4. DATA ANALYSIS AND DISCUSSION

Coca-cola Company, Ltd.

In the sustainability report, Ahimsa/non-violence is implemented by Coca-Cola Company through how to process and distribute its products to customers (p.7) and on how innovation, creativity, and marketing help create diverse products with varied forms and are liked by the public. Coca-Cola's operational activities (p. 12) explain more broadly what the company relies on in inputs such as stakeholder requests, raw materials, worker expertise, sources of funds, and others that make the company able to maintain output in transparency, public trust, quality products, support from the community, and community development.

Satya/truthfulness; non-falsehoods discusses company expectations to partners, suppliers and employees of Coca-Cola Company, Ltd. It can be seen in p. 13 - 19 concerning issues that are the company's priority regarding product innovation, plastic waste, water resources and climate change. The company provides complete information to all internal and external stakeholders about what

efforts Coca-Cola will do and the expectations to be achieved by collecting factual data prioritizing customer demand to reduce sugar and calories and creating convenient product packaging, offering new products and providing complete information about the product content in each of their packages to provide responsible marketing.

Asteya/honesty, non-stealing. Coca-Cola Company, Ltd. always respects human rights and it has been embedded in the company. In addition, the company always guides and makes interactions with its employees, partners, customers, suppliers, consumers and the communities it serves (p. 34). To ensure this, Coca-Cola applies policies and practices that are aligned with UN guiding principles on business and human rights. The commitment to human rights begins with the Coca-Cola employees themselves by ensuring that the company is a safe, respectful and supportive workplace for every employee. This process is monitored by the audit team, where by the end of 2018, 96% of the company's facilities were fully compliant with the company's human rights policy and the rest were nearing.

Brahmacharya/self-control. The Company always prioritizes self-control in the negotiations with suppliers, potential partners, and distributors. Self-control of employees is carried out openly to understand each individual stakeholder by promoting transparency, respecting differences in viewpoints and values, consistent, useful communication and efforts to develop, and proving through concrete actions that involve many actors from various areas globally to protect the environment and social growth together to make a difference (p. 39).

Aparigraha/non-possessiveness; non greediness; not expecting, asking, or accepting inappropriate gifts from any person. Women throughout the country have become important figures who have contributed to the Coca-Cola business system (p. 35). Since 2016, more than 200,000 female workers have been trained and learned through the "Success is ME" activity, the largest and most comprehensive women's professional activist program in Poland. It is evident from the picture below, that gender equality between men and women has been sought by Coca-Cola to actively promote human rights.

Nestle

Ahimsa/non-violence, Nestle expresses its goals "Enhancing quality of life and contributing to a healthier future" (p. 32). Implementing these goals in each of its businesses makes all of its activities meaningful to inspire people to live healthier, offer healthier and tastier choices, build, apply and inform nutritional knowledge, develop businesses and rural life, and develop resources for future generations. Through this report the company disclose transparently to all stakeholders.

Satya/truthfulness; non-falsehoods. Nestle creates a matrix of issues that become its focus and informs them in the sustainability report so that all stakeholders know the factors that become the company's concern and how they affect Nestle's business success. Every two years, the company asks an independent third party to conduct a formal materiality assessment to help identify the issues that are most important to the business and its stakeholders. The stakeholder meeting and other events are held by Nestle to provide further opportunities for dialogue (p. 40).

Asteya/honesty, non-stealing, Nestle works to overcome the conscious and unconscious bias in the organization through training and communication. The activities undertaken are in the form of (p.33) assessing and addressing human rights impacts in all business activities, improving workers' livelihoods and protecting children in agricultural supply chains, enhancing the culture of integrity throughout the organization, and providing effective complaints mechanisms to employees and stakeholders.

Brahmacharya/self-control. Nestle (p. 40) involves other people in matters that are important to strengthen business. Nestle seeks advice from experts, advocates and challengers to develop company policies and commitments, inform strategies and prioritize investments. Nestlé has consistently been listed in the FTSE4 Good Responsible Investment Index since 2011, ranked first from 22 global food and beverage producers in the 2018 Access to Nutrition Index™ (ATNI) and second in the food product industry from the 2018 Dow Jones Sustainability Index (DJSI), printing a score of 100 for Health and Nutrition performance, and holding a leadership score in the Environmental and Social Dimensions.

Aparigraha /non-possessiveness; non-greediness; not expecting, asking, or accepting inappropriate gifts from any person. Nestle has a commitment to improve quality of life and contribute to a healthier future. Nestle puts a real emphasis on welfare at work. Nestle wants to inspire people to live healthier lives. Nestle believes that a safe and healthy workplace can create a healthier business. In line with this commitment, Nestle promises to close the gender wage gap, with the same salary for the same work for employees. Nestle also uses scale and size to provide jobs, internships and training for young people, helping them find work or get the skills they need to enter the workplace.

PT Unilever Indonesia, Tbk.

Ahimsa/non-violence is applied by Unilever in a business founded which is based on the motivation and mission of its founders "to provide a better life for people who use their products". This legacy has brought Unilever Indonesia into one of the leading Fast Moving Consumer Goods (FMCG) companies in Indonesia that follows the '4G' business principle (consistent growth, competitive growth, profitable growth and sustainable growth) (p. 8).

Satya/truthfulness; non-falsehoods. Unilever Indonesia continues to be committed to living the company's values (p. 15) such as committed to integrity that builds reputation, mutual respect because everyone must be treated with respect, honesty and fairness, and responsible for carrying out the pioneering spirit. So in 2010, the Unilever Sustainable Living Plan (USLP) was established, which is a blueprint for sustainable growth, while fulfilling Unilever Indonesia's goals and vision (page 21).

Asteya/honesty, non-stealing. This principle is applied by embracing a more flexible and collaborative work procedure, using technology that makes it possible to more effectively utilize the talents and desires of HR and others in the open talent economy. Unilever has designed a proactive recruitment program which focuses on attracting and gaining the best talent at all levels of the organization. Since 2012 Unilever has opened opportunities for students to join Unilever Indonesia through the Unilever Leadership Internship Program (ULIP) (p. 71).

Brahmacharya or self-control. Unilever, through the Central of Safety, Health &

Environment Committee (CSHEC), promotes collaboration in creating safer workplaces and health and well-being. CSHEC consists of 5 sub-committees, and each is led by two BOD members, on site with the same structure. The Health and Environmental Safety Committee Unit (USHEC) has also been formed, where each unit is led by the Site Director. By 2020, Unilever will reduce the Total Recorded Frequency Rate (TRFR) for accidents in factories and offices by 50% compared to 2008 (p. 77).

Aparigraha/non-possessiveness; non-greediness; not expecting, asking, or accepting inappropriate gifts from any person. Unilever Indonesia treats everyone in the company fairly, equally and without discrimination in relation to individual development, remuneration, and incentives. This commitment is written in the Unilever Code of Business Principles and Policy "Treating with Respect, Dignity and Fairness". This is in line with the Global Goal of Reducing Inequality and Institutions of Peace, Justice and Strong. Inclusiveness and concern for employee welfare has always been the center of attention of Unilever Indonesia, which is in line with commitments in the Unilever Sustainable Living Plan (USLP) (p. 74).

Based on the explanation of the three companies above, each company has explained in detail in its sustainability report about the CSV activities carried out and adjusted to the terms contained in *yamas* Yoga. They explain that the operational systems of their companies are transparent to the needs of internal and external users, as contained in Ahimsa. Each company also explains about Satya by expressing various issues that concern the company and how it can overcome these issues. The companies uphold the value of human rights on the service of human resources in Asteya. The companies also pay attention to transparency, commitment and responsibility in creating a safe and healthy work environment with supervision from external parties, as explained by the Brahmacharya. Finally, the companies explain the Aparigraha in training and human resource development activities that are equitable, gender equity in the company's organizational structure, and openness in providing opportunities for young people in pursuing a career.

It can be explained that the activity of creating shared value (CSV) of the company has approached the application of an entrepreneur

Jyoti Morningstar (Pavlovic and Corner, 2014) in running his company using social ethics codes. This is also supported by research conducted by Motilewa et al. (2016), which states that corporate CSV activities are a more profitable approach where they actively participate in creating solutions to social challenges through a comprehensive business model. According to Pavlovic and Corner (2013), understanding the mechanism for creating shared value is important for developing theories and advancing higher capitalism practices that are able to overcome the increasing economic, social, and environmental volatility on the planet.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION

The application of CSV activities as a continuation of CSR has brought the company to a better dimension. The results of this study support the theory of legitimacy which states that corporate management is responsible for identifying and implementing the required social practices. Thus, companies, especially in the internal governance structure, play an important role in reducing the legitimacy gap through the extension of CSR disclosure (Khan, Muttakin, & Siddiqui, 2013). The results of this study also provide an understanding that social responsibility activities are no longer a sacrifice or corrective action, but it is the company's obligation to make economic, social, and environmental conditions better. These activities have begun to be implemented and reflected in the company's vision, mission and strategy.

Therefore, it is recommended that companies pay attention to the policies that apply, implement good corporate governance, and improve the quality of disclosure of social responsibility that is more directed at creating shared values and subsequently report these activities in annual reports or company sustainability reports. In addition, it is also recommended that companies be able to change the perspective that CSV investment is not a burden in the current year, but it will bring benefits in the future. For the government, it is suggested to consider drafting regulations regarding the obligation to carry out activities that can create shared value (CSV), especially for companies that have assets of a certain value to support the Government in the process of economic, social and environmental development. These activities must also be

reported in the company's annual report which is explained in detail in accordance with the rules that can be adopted from several existing international standard guidelines.

Limitations found in this research include such as the data and results of discussions are descriptive and thus it might be affected by subjectivity. Therefore, it needs to be supported by additional guidelines that can explain the object of research quantitatively.

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