

THE CONCEPT OF THE CREATION OF SHARED VALUE: A NEW VIEW ON THE FORMATION OF COMPANY VALUES

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Shared value is a management practice of increasing of the financial business efficiency that combines company income and satisfaction of social needs. The main idea of the concept of shared value is to strengthen the relationship between social and economic progress that is able to generate a new wave of global development.

Principles of shared value relate to both commercial companies and non-profit organizations and government.

CSV is very different from the usual business, as shared value is usually a result of the development and introduction of new product, model or technology.

Social goals should always be related to the main company business and the major directions of its activity, as only in this way the company can really affects on the solution of social problems, using its market presence and scope of activities. Nevertheless, the process of the creation of shared value should not be a simple addition to the business activity; it must be integrated into all business processes of the company. The benefits to society must become a natural part of business activity.

There are three levels of shared value:

- Reconceiving – in terms of the public interest – the products and markets – iden-

tifying markets with unmet needs, analysis of social usefulness or harmfulness of products, development of profitable products that meet customer needs and improve their quality of life, access to customers of these products.

- Redefining productivity in the value chain – improving the productivity of the company or its suppliers while solving social and ecological restrictions in the value creation chain.

- Promoting the development of local clusters – the growth of company productivity by improving the state of the environment, solutions (mitigation) of existing social problems in basic areas of deployment.

For each level economic and social results are tracked.

The concept of shared values differs from corporate social responsibility and charity. Companies use CSR programs, primarily to maintain their image and reputation, these programs are not designed for long term and are usually not related to the main business.

For today, CSV is innovation, but over time, it will become a standard practice, because by creating a shared value companies will be able to build a profitable and sustainable business that in its figures will surpass traditional practices.