

Creating Shared Value in a Power-Sharing World

Stacy Bergen
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Every day, we hear dire predictions of America's economic decline, excessive spending, and stifling debt. Our leaders are confused on how to respond, citizens are dispirited, and the government is under constant pressure to take immediate action. The irony of the situation is that on one hand, American business is proclaimed as the engine for future economic growth, while at the same time it is condemned as the evildoer who created the mess. Such disconnect in the current relationship of citizens to businesses carries far-reaching implications when it comes to creating shared value in a power-sharing world, or one largely driven by consumer choices (Kittilson & Schwindt-Bayer, 2010). When our perception of business weakens, societal cohesion diminishes; as such, our public values are largely contested in this multi-sector "no-one-in-charge" world, hindering the progression of shared value initiatives.

We are, in a way, at a crossroads in our evolving maturity as an economic democracy; torn between what is expected of us and what others define as success. Although corporate leaders have awakened to the fact that social problems present vast opportunities for growth, many still contend they impose unnecessary costs and act as daunting constraints to a company's operations (Porter & Kramer, 2011). Take Facebook, for instance, the world's largest social network. The company has recently announced its campaign to expand Internet access into the developing world, with the help from its partnership with internet.org (Miller, 2014). Studies show that closing this connectivity gap could generate millions of dollars in additional GDP, and add more than 140 million new jobs (Miller, 2014). The notion of shared value is clearly evident as the company is creating economic value – increasing its market share and driving incremental profit; while also creating value for the society by addressing its needs and challenges – providing access to information and boosting education services in remote populations (Porter &

Kramer, 2011). Yet, many still argue that the initiative is simply a ploy to reach untapped markets, seize more control, and strengthen the company's commercial standing – the effects of a power-sharing world. This uncertainty may in part stem from the short-term risk-taking and profit-taking of the few that wiped out long-term value for many, breaking America's rapport with business, and rippling through the entire economy (Kittilson & Schwindt-Bayer, 2010).

In large part, Facebook is doing exactly what the consumers have speculated, but they are thinking in terms of profit-making and long-term investments. The reality of the situation is that Facebook is using the core of their business to profit from advancing the common good – the very essence of creating shared value. The most fruitful opportunities reflect a company's particular business, and pertain to areas deemed most worthy (Porter & Kramer, 2011). Internet access may not be viewed as the most pressing problem in the world, but it is the right issue for Facebook to take on because it aligns their business and social incentives. Additionally, the initiative is apt to trigger positive multiplier effects in the way of creating new jobs, starting new companies, and increasing demand for accompanying services (Porter & Kramer, 2011).

In essence, hundreds of organizations are using the power of their technology and expertise to focus on solutions, service, and sustainability. Similar to the recent events surrounding Facebook, many of these efforts have been stymied by the effects of the power-sharing world, known for its lack of knowledge, political agendas, and ideological divides. The very people who are yearning for more are often the first to criticize businesses that attempt to give them just that, proving that the success of these companies is contingent on the support of the surrounding communities and individual consumers (Porter & Kramer, 2011). As a society, we need to learn how to minimize or overcome these characteristic weaknesses in such a way that shared value is created and the common good is advanced.

References

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