



Creating Shared Value Meets Human Rights: A Sense-Making Perspective in Small-Scale Firms

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Abstract

How do firms make sense of creating shared value (CSV) projects? In their sense-making processes, do they extend the meaning spectrum to include human rights? What are the dominant cognitive frames through which firms make sense of CSV projects, and are some frames more likely to have transformative power? We pose these questions in the context of small-scale firms in a low-to-middle income country—a context where CSV policies have been promoted extensively over the last decade in the expectation of improved economic competitiveness, growth, and sustainable development processes. We employ a grounded theory approach to identify three dominant cognitive frames used by our respondents to make sense of CSV. The most prevalent frame (*growth first*) prioritizes economic over social and environmental goals, and considers social, environmental, and human rights benefits to trickle down from economic growth and wealth generation. In the second frame (*green-win*), economic actors follow a win–win logic according to which environmental sustainability is pursued only if there are clear and foreseeable economic payoffs. The third frame (*humanizing the business*) is a niche that emphasizes the attainment of certain human rights goals, despite a perceived lack of immediate economic returns. Our work casts doubt on the capacity of CSV projects to stimulate sustainable development processes without radically changing entrepreneurs' cognitive frames from *growth first* to *humanizing the business*.

Keywords Creating shared value · Business and human rights · Sense making · Small-scale firms · Low-to-middle income (developing) countries

Introduction

In many countries, corporate social responsibility (CSR) policies have become the main way to legitimize business operations (e.g., Carroll and Shabana 2010; Gugler and Shi 2009; Matten and Moon 2008). Also in low-to-middle

income countries, CSR policies are becoming the norm for both large multinational companies (MNCs) and small-sized firms (Arevalo and Fallon 2008; Dobers 2009; Fiaschi et al. 2015; Giuliani 2016; Jamali and Karam 2018; Lund-Thomsen and Nadvi 2010; Lund-Thomsen and Pillay 2012). Porter and Kramer (2011, p. 64) point out that “in recent years business increasingly has been viewed as a major cause of social, environmental and economic problems”, and argue that “capitalism is under siege”. They propose a new CSR approach, creating shared value (CSV), defined as a set of “policies and operating practices that enhance the competitiveness of a company while advancing the economic and social conditions in the communities in which it operates” (Porter and Kramer 2011, p. 6). CSV is grounded in a win–win logic within which the redefinition of products and production processes, and the orchestration of the local value chain are expected to both address pressing environmental and social problems and generate profit for the firm.

The Shared Value Initiative, under the aegis of Michael Porter's consultancy FSG, is promoted by both large firms

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and national and local development agencies (e.g., Bertini and Gourville 2012; Pfitzer et al. 2013; Porter and Kramer 2011; Spitzack and Chapman 2012) in low-to-middle income countries. Nestlé introduced CSV to its Latin American suppliers in 2006 (Crane et al. 2014, p. 131), after which the approach spread across the Latin American region. Dane Smith, managing director of FSG, in a 2011 article in the *Guardian* entitled “Latin America leads the way in creating shared value”, reported having “met with dozens of local companies that were contemplating significant strategic moves that would simultaneously enhance their profitability and address a societal challenge”, and emphasized that CSV “is not merely the province of MNCs” (Smith, 2011). Indian firms are also interested in promoting CSV approaches in the healthcare and sanitation, agriculture, and financial services sectors (Borgonovi et al. 2011), and the Shared Value Initiative reports on numerous CSV projects in a range of countries. Hence, beside its potential to re-legitimize capitalism, CSV is recommended as a development strategy for poorer countries (Hills et al. 2012). For instance, in Africa the regional global Shared Value Initiative partner convenes businesses and business communities across the continent, to transform Africa from the poorest to the most economically viable continent. In Chile, CSV targets the problem of economic inequality and fosters “widespread prosperity while strengthening corporate competitiveness” (Grindle et al. 2014, p. 9), while in India it pursues inclusive growth (Borgonovi et al. 2011).

In this context, small-scale entrepreneurs and their local ecosystems (i.e., constellations of geographically concentrated firms and other public or private organizations, also known as industrial clusters, Porter 1998) present a natural target for CSV policies. Globally, small and medium-sized firms form the backbone of many economies,¹ while being the dominant type of business in several low-to-middle income countries where they are instrumental in reducing poverty and unemployment (Rabellotti and Schmitz 1999). The notion of CSV in relation to small and medium-sized firms has been highlighted by a series of industry events, including the TCI network’s (the global competitiveness, clusters, and innovation practitioner network) annual conference in 2014 which focused on CSV in organizations, regions, and communities. In many industries, small-scale entrepreneurs, farmers, and artisans are vital economic actors in the national and global value chains led by large companies, and their involvement in CSV policies are often the result of the top-down pressure of value chain leaders

(e.g., the Nestlé case mentioned earlier). In some instances, public–private organizations are promoting CSV policies in their ecosystems (see Serra et al. 2017 in the context of tourism promotion). In others, small firms adopt CSV initiatives policies, prompted by local business organizations or national industry associations seeking to increase their regional or national competitiveness. For example, in Colombia, the Colombian National Industry collaborates closely with FSG to promote CSV, “help redefine the role of the private sector in society, allowing companies to improve their increasingly challenged legitimacy”, and, ultimately, “help build long-lasting peace” in the country (Amaya and Smith 2018).

However, despite these claims and expectations, and the diffusion of and success attributed to CSV, little is known about the extent to which small firms’ adoption of CSV projects contributes to national prosperity. The body of empirical work is limited to large firms (e.g., Corazza et al. 2017; Jones and Wright 2018), and empirical studies providing evidence of the success (or not) of CSV are generally scarce. Even in the absence of conclusive empirical evidence, Porter and Kramer’s original work on CSV has been the subject of extensive debate and critique (e.g., Aakhus and Bzdak 2012; Beschorner 2013; Crane et al. 2014; de los Reyes et al. 2017). For instance, Crane and colleagues question the originality of the construct and, more importantly, criticize its win–win logic and express doubts about how firms can transform their business thinking without radically departing from their current corporate mindset. Hence they contend that “operating with a CSV mindset, corporations might tend to invest more resources in promoting the impression that complex problems have been transformed into win–win situations for all affected parties, while in reality problems of systemic injustice have not been solved and the poverty of marginalized stakeholders might even have increased because of the engagement of the corporations” (Crane et al. 2014, p. 137). Several commentators consider CSV to be no more than a sophisticated “strategy of greenwashing” (Crane et al. 2014, p. 137), and that real changes to business practice require a radical change to the current reductionist view of business as an economic-maximizing entity.

Inspired by this criticism, we conduct a unique empirical investigation of small-scale entrepreneurs and other business actors in their local ecosystem, in the context of a low-to-medium income country in Latin America.

We investigate how these actors make sense of CSV projects, that is how they “create sense for themselves and others about their changing organizational context and surroundings” (Balogun et al. 2014, p. 187; see also Weick 1995). We draw on the idea that the manner in which economic decision makers make sense of a given notion shapes their mental models and ultimately their actions (Cornelissen and Werner 2014; Hahn et al. 2014). Additionally, we

¹ Among the OECD countries, small and medium-sized enterprises account on average for 60% of total employment and generate between 50 and 60% value added, while in developing countries they account for 52% of formal employment (Cusmano et al. 2018).

draw on previous investigations of the importance of cognitive framing in shaping decision making related to sustainability (Hahn et al. 2014; Reinecke and Ansari 2016), and employ a grounded theory approach to identify the frames that emerge in the sense-making process of CSV policies. In our research, we extend the spectrum of meanings to human rights. The latter is an important interpretative lens to assess the economic decision makers' perceptions of the role of firms in society, and expectations of how they address the complexities and comprehensiveness of sustainability challenges. We provide evidence suggesting that even when trained in and motivated to promote CSV projects, most respondents did not depart radically from standard pro-business mental models. The majority neglected human rights considerations in their sense-making processes, and regarded CSV as a competitiveness and economic growth strategy rather than an opportunity to address sustainability issues directly. We make an original contribution to the literature by proposing a sense-making perspective which enriches current views of the obstacles to the transformation of sustainability thinking into a business-related cognitive framing, which delivers real benefits to society, the environment, and human rights.

From CSV to Business and Human Rights

CSV: The Risk of an Unfulfilled Promise

The notion of CSV rests on three pillars: (i) reconceiving products and markets to meet societal and environmental needs and target under-served markets, (ii) redefining value chains through the adoption of eco-friendly and pro-social operations and production processes, and (iii) building supportive industrial clusters of interconnected firms and other organizations (Porter and Kramer 2011). These actions respond to the need to reconnect firms' success to social progress and, ideally, to address the world's wicked problems. Although proponents of the idea claim otherwise, CSV does not differ fundamentally from existing win-win conceptualizations of the role of business in society (Keim 1978; Peake et al. 2017; Jensen 2002; see also Margolis and Walsh 2003). Nevertheless, CSV generates enthusiasm and attracts considerable interest in both the business and policy arenas, especially in poorer countries. However, skepticism remains that it is 'old wine in a new bottle'. In other words, adopters of CSV projects risk replicating their old pro-business logic and ignore the complexities of both win-win strategic choices and most contemporary problems. De los Reyes et al. (2017) note that Porter and Kramer's CSV approach assumes that companies comply with existing laws and regulations. They offer guidance to managers in the contexts of non-compliance with the law or weak regulation, suggesting that CSV approaches should be supported by norm-taking

and norm-making ethical frameworks. Essentially, they propose that in the presence of a regulatory void, hypernorms should guide managers' conduct (norm-taking framework). These norms should be complemented by self-regulatory measures (norm-making framework), including industry or multi-stakeholder initiatives such as the adoption of voluntary socio-environmental certification schemes.

We agree with de los Reyes et al. (2017) that in the presence of weak regulation, which is typical of most low-to-middle income countries, the enactment of CSV projects could result in 'cherry picking' among social and environmental issues and, therefore, a failure to prevent harm. In turn, this could lead to the greenwashing described by Crane et al. (2014). For instance, as part of a CSV initiative, a leading company may help farmers reduce their pesticide use, while ignoring slavery or child labor problems in other parts of its value chain (Giuliani et al. 2017). This introduces the risk that the CSV initiative could fail to achieve "its full potential to meet society's broader challenges" (Porter and Kramer 2011, p. 64).

From CSV to Human Rights: Differences and Overlaps

In line with the aforesaid criticism, we maintain that the notion of CSV on its own does not have the clout to engage contemporary sustainability problems, and that a more profound consideration of the rules and regulations that managers should respect when conducting their business, is needed—especially in the current highly decentralized, fragmented, and globalized economy. Proponents of CSV *assume* that companies will respect the negative duty of causing *no harm* when conducting their business, and thus emphasize the positive responsibility of doing good through CSV projects. However, the evidence in international case-law literature on human rights violations associated with the business sector (Wettstein et al. 2019; Bernaz 2017) confirms that the negative duty not to harm cannot be taken as a given. On the contrary, studies that measure and evaluate companies' failures to respect human rights (e.g., Fiaschi et al. 2020) suggest that these transgressions are 'normal' features of contemporary capitalism rather than incidental or rare events (Palmer et al. 2013). Therefore, assuming they will not occur, is naïve at best.

Explaining the negative duty to respect human rights in the context of CSV projects is necessary, but also challenging. We acknowledge that the language defining CSV refers to human rights issues. For instance, when Porter and Kramer (2011, p. 7) note that "society's needs are huge", they refer explicitly to "health, better housing, improved nutrition, help for aging, greater financial security, environmental damage" (Porter and Kramer 2011, p. 7), which evoke human rights. Similarly, their view that "a company's value chain inevitably affects—and is affected

by—numerous societal issues, such as natural resource and water use, health and safety, working conditions, and equal treatment in the workplace” (Porter and Kramer 2011, p. 8) refers to several universal human rights, including the right to health, the right to water, and workers’ rights. In addition, the language defining CSV also intends to *mitigate the harmful impacts* of business activities, for example “creating shared value presumes compliance with the law and ethical standards, as well as mitigating any harm caused by the business” (Porter and Kramer 2011, p. 75).² However, there are no suggestions how managers can avoid or minimize harmful impacts, especially those compromising economic payoffs.

The problem is that business-related human rights and CSV agendas (and, more broadly, pro-good CSR projects) entail different normativities. CSV is understood as “praiseworthy behavior and goodwill beyond the call of duty”, while human rights require “respect and protection” (Wettstein et al. 2019, p. 57). Therefore, the negative duty to avoid harmful impacts on human rights is not a subdimension of a firm’s portfolio of CSR/CSV activities (Ramasastry 2015); it is a separate and fundamentally different dimension.

The avoidance of harmful effects on human rights differs from CSR/CSV. First, it differs in respect of its non-consequential character which emanates from the consideration of human rights as inalienable and indivisible.³ The implication is that their infringement in some respects cannot be offset by their improvement in other respects. By the same token, human rights are interdependent and interrelated, which implies that respect for one right often depends wholly or in part on respect for other rights. These fundamental features of human rights imply that their infringement cannot be justified by the attainment of economic goals. Human rights infringements can also involve a reduction in rights whose harm is irreversible and is not remedied by potential economic gains. This differs from the idea that some rights can be sacrificed in the name of value creation, which is how most mainstream utilitarian economic thinking traditionally frames the role of companies in society (see Sen 1999 for

a discussion). This idea mainly underpins the CSR and the ‘win–win’ business case.

Second, while CSR/CSV are voluntary firm-level self-regulatory initiatives, human rights are defined in the politically authoritative International Bill of Human Rights and its subsequent covenants and treaties (Buhmann 2006; Wettstein 2012). Human rights are also defined in the United Nations Guiding Principles on Business and Human Rights (UNGP), the most influential soft-law instrument regulating business sector human rights conduct (United Nations 2011). The UNGP maintain that it is the state’s duty to protect and promote human rights (Pillar I), but also introduce the notion that firms have the responsibility to respect human rights (Pillar II). Art. 23 prescribes that:

Where the domestic context renders it impossible to meet this responsibility fully, business enterprises are expected to respect the principles of internationally recognized human rights to the greatest extent possible (United Nations 2011, p. 25).

The UNGP ‘human rights due diligence’ risk management procedure requires firms to act with due diligence to avoid infringing the rights of others, and to address the adverse impacts of their operations.

Thus, ensuring respect for universal human rights appears germane to the discussion of how CSV can address sustainability. CSV has the potential to deliver some of the promised outcomes if accompanied by a shift from *assuming* respect for the rules to *ensuring* that companies take all possible steps to avoid violating human rights. In the next section we discuss how to achieve this shift.

Do-No-Harm CSV: The Importance of Sense-Making and Mental Models

For several years, business and human rights scholars, lawyers, practitioners, and activists have tirelessly proposed normative solutions to firms to reduce harmful impacts on human rights (e.g., Muchlinski 2012; Bernaz 2017; Bonfanti 2018; De Schutter 2019). At the supranational level, the OECD incorporated the UNGP in its Guidelines on Multinational Enterprises (chapter IV), and the Human Rights Council adopted Resolution 26/9, 2014 which initiated the discussion, via an Intergovernmental Working Group, of a legally binding international treaty on business and human rights (the so-called ‘Zero Draft’). Extant research and institutional experience generate substantial knowledge about what *ought to be done* to address these problems, and business ethics scholars have proposed normative recommendations to correct CSV’s shortcomings (e.g., de los Reyes et al. 2017). However, telling companies what they *should* do, does not necessarily affect what they actually *do*.

² In assessing a set of CSV projects, Fayet and Vermeulen (2014, p. 302) referred to improvements of environmental practices, among others that “chemical pesticide usage has been stopped (organic projects) or reduced by up to 40–50%”, thereby reducing their harmful impact on the health of local farmers and their families.

³ Universal human rights are regarded as inalienable, indivisible, interdependent, and interrelated (World Conference on Human Rights, 1993). Politically, in 1948, human rights were entrenched in the Universal Declaration of Human Rights (UDHR), the 30 articles of which cover a wide range of civil-political rights (e.g., the right to life, the right to security, and the right to form and join trade unions), as well as socio-economic (e.g., labor rights relating to working conditions) and cultural (e.g., rights to education) rights.

To explain the disconnect, several scholars provide *cognitive* analyses of sustainable decision making (e.g., Hahn et al. 2014; Obara 2017; Osorio-Vega 2019). Conceptually, these approaches draw on work on strategic change, understood as a “cognitive organizational reorientation” (Fiss and Zajac 2006, p. 1173) rather than a shift in processes and organizational structures. In other words, the likelihood and content of a firm’s strategic changes are seen to be affected by its managers’ cognitions and sense-making processes (e.g., Barr 1998; Meindl et al. 1994; Nutt 1998; Reger et al. 1994), that is by how managers “create sense for themselves and others about their changing organizational context and surroundings” (Balogun et al. 2014, p. 187; see also Weick 1995). Simply put, managers interpret or *make sense* of the signals they receive from their operational context through *cognitive frames* or schemata (for overviews see Hodgkinson and Healey 2008; Hill and Levenhagen 1995; Porac and Thomas 2002; Snow et al. 1986), and these cognitive frames play a performative role (Cornelissen and Werner 2014) and shape their decisions to change.

A cognitive approach is critical in the context of decision making about sustainability issues, because risking economic gains to achieve a more socially and environmentally sustainable future entails a complex set of tradeoffs and a great deal of uncertainty which managers may be unwilling to accept. This applies to sustainability decision making in general and to CSV decisions, because managers (and other economic decision makers) face important dilemmas. They are required to maximize the economic value of the firm’s business activities, and to promote pro-good and pro-environmental projects whose economic returns are difficult to predict. As Hahn et al. (2014, p. 465) put it: “firms and managers are being criticized for their reluctance to adopt radical responses to address sustainability concerns”. This implies that their mental models often lean toward more conservative pro-business approaches that minimize the win–win tensions and ambiguities linked to the adoption of more radical solutions, and that make them resist transformative change.

Hahn and colleagues theorize two ideal-type cognitive frames that managers use to make sense of sustainability issues: the *business case*, which prioritizes the achievement of economic goals by adopting a profit-maximizing mindset; and the *paradoxical frame*, in which managers accept the tensions and juxtapose economic, environmental, and social concerns. Although business managers in a paradoxical frame, in contrast to a business case frame, are more liable to regard ambiguities and paradoxes as being inherent in the business, neither one is deemed fit “to address in a radical fashion the immense challenges that sustainability presents” (Hahn et al. 2014, p. 478).

This paper advances the analysis of sense making in the context of sustainability choices by providing an empirical exploration of the emergence of CSV-related cognitive frames. We want to understand how managers and other economic decision makers make sense of CSV policies, based on the language they use and the meanings they assign to different aspects of their CSV project and its three pillars. We extend the spectrum of associated meanings to ‘social’ and ‘environmental’ language to incorporate a ‘human rights’ language which, as argued earlier, is relevant to examine the implied goals of CSV projects and to understand firms’ commitment to the avoidance of harm. The inclusion of the full range of human rights allows a finer examination of the sense that business actors make of CSV and avoids a pre-defined language (i.e., social or environmental), thus allowing the actors to express their views on a more diversified set of issues. More importantly, to us, the inclusion of human rights in the spectrum of meanings is essential to determine whether the observed cognitive framings depart from conventional pro-business, win–win mental models, and pave the way to a less instrumental mindset which, according to earlier research, is deemed responsible for most contemporary sustainability problems.

Methodology

Our exploratory analysis employs a case study approach (Yin 2009) and grounded theory (Glaser and Strauss 1967). Single case studies can raise concern about the validity, reliability, and generalizability of results (e.g., Campbell 1979; Daft and Lewin 1990; Yin 2009). Nonetheless, the case study method is regarded as being most appropriate for exploratory research (Cornelissen 2017; Eisenhardt 1989; Gibbert et al. 2008).

Context

Our context is small firms located in one of the first countries in Latin America to include CSV projects in its local economic development agenda (Manzanal et al. 2013; Zavala and Zavala 2015). As previously mentioned, Latin America pioneered the adoption of CSV policies, promoted either by MNCs in their value chains, or by local governments or business associations (and other private–public organizations) as a development strategy to boost local competitiveness and sustainable development.

Our case falls in the latter category. To encourage full and honest disclosure, the case firms were assured anonymity and confidentiality in relation to country, industry cluster, and firm name. Consequently, interviewees should feel comfortable talking about pitfalls, deficiencies or failures in their experience with CSV projects.

The sample includes spatially clustered entrepreneurs (specialized in software and IT, jewelry, clothing, cosmetics and personal care, leather and footwear, graphic communication, creative and content industries, and dairy products)⁴ and representatives of the local business association. The firms were selected on the basis that they had participated in the CSV policy promoted in 2011 by the local business association as part of a national development plan. The implementation of CSV policy in each industry was supported by an executive committee that included representatives from the public sector, a local university, and the private sector. The executive committee organized board meetings, training sessions, and working groups to foster CSV projects.

This was an ideal context for our research because all the firms in these industry clusters had received the same training in CSV and, in principle, were all equally involved in transforming their businesses to be more sustainable. However, the sense-making processes of entrepreneurs, managers, and economic decision makers can differ, depending on the cognitive frame used to understand and ultimately to operationalize the policy.

The focus on small firms is justified. In addition to their important role in the economies of most low-to-middle income countries (see the introductory section), these small firms often suffer from growth constraints, thus motivating their participation in CSV projects to sustain competitiveness. Also, small entrepreneurial firms' embeddedness in the local ecosystem may imply greater physical and social proximity to stakeholders (Boschma 2005), and significant social identification with other local actors (e.g., Romanelli and Khessina 2005). In turn, this motivates economic decision makers to be more aware of the immediate context and the members of their community (see e.g., Perrini et al. 2007). Collaboration among small-scale entrepreneurs can produce collective efficiencies (Schmitz 1995), which potentially

mitigate concerns about the financial frictions they can experience when implementing CSV projects.

Interviews and Data Collection

Our primary data source is semi-structured interviews, following a key informant approach (Robson and Foster 1989). Interviewees included relevant professionals involved in the implementation of CSV, that is eight representatives of the local business association promoting CSV (INT 1–8), 11 business representatives—entrepreneurs or managers—from the different industry clusters (INT 9–19), and one representative of a local non-profit organization (INT 20) (see Table 1).

The interviews were conducted during two months of fieldwork research, in July and August 2016, which allowed time following the introduction of the policy. The interviews (lasting between 30 and 120 min), which were conducted in Spanish by a co-author, were recorded and transcribed verbatim, resulting in 202 single-spaced pages of interview notes. To ensure interview consistency, each interview followed an interview guide and started by asking questions about the 'history of CSV' in the context of the represented organization (i.e., how and when the policy was introduced and what were the firm's expectations). Open-ended questions were posed to identify how the organization had functioned to achieve the CSV goals, which of the three CSV pillars they had worked on most intensively, whether there were perceived areas of neglect, and the difficulties they experienced (if any). We were mainly interested in understanding how the interviewees made sense of CSV as a new overarching notion, and how they understood and were putting into practice their own CSV projects. The aim was not to document CSV outputs per se, although interviewees were free to talk about successes, paradoxes, inconsistencies, and tensions experienced when putting CSV into practice. To gather information on cognitive frames, we asked the interviewees about their perceived priorities and major goals, and requested them to elaborate on their experience of how social and environmental goals matched profit maximization. In addition, we asked them about their motivation to promote social and environmental goals, and about their attitude to the win–win logic. We explained the notion and inclusion of human rights in the meaning spectrum, and asked the interviewees if and how the CSV agenda was assisting the business sector in general and their own efforts to promote respect for human rights and to minimize the business-related harmful impacts on human rights.

Data Analysis

Drawing on grounded theory, our research design evolved iteratively based on data collection and the definition of

⁴ Industries differ in respect of the sustainability challenges they face. For instance, adopting green technologies may be easier and more financially viable in some industries than in others. Despite this variability, in the context of this research, we did not detect severe challenges that characterized certain industries rather than others, which could affect the direction of interviewee responses and bias our exploratory study in a significant way. Therefore, we do not exploit potential inter-industry differences but, overall, focus on the industry clusters that have been subjected to CSV policy treatment.

Table 1 Key informants

Interview slots	Timing	Duration (min:s, pages)	Institution	Institutional affiliation/sector	Interviewee code
1	27.04.2016 (morning)	39:02, p. 9	Business Association	Vice President Competitiveness and Shared Value	INT1
				Cluster Development Initiative Director	INT2
				Shared Value Initiative Director	INT3
				Shared Value Senior Professional	INT4
2	27.04.2016 (afternoon)	45:10, p. 10	Business Association	Shared Value Initiative Director	INT5
				Shared Value Senior Professional	INT6
				Shared Value Senior Professional	INT7
3	16.05.2016	27:21, p. 7	Business Association	Cluster Development Initiative Director	INT8
4	27.04.2016	47:50, p. 10	Business	Cluster Software and IT	INT9
5	28.04.2016	01:45:46, p. 26	Business	Dairy cluster	INT10
6	29.04.2016	01:01:28, p. 16	Business	Cosmetic and Personal Care cluster	INT11
7	02.05.2016	01:12:46, p. 23	Business	Clothing cluster	INT12
8	03.05.2016	1:24:49, p. 19	Business	Footwear and Leather Goods cluster	INT13
9	05.05.2016	57:15, p. 13	Business	Jewelry cluster	INT14
10	10.05.2016	19:08, p. 5	Business	Jewelry cluster	INT15
11	11.05.2016	39:31, p. 13	Business	Graphic Communication cluster	INT16
12	12.05.2016	46:49, p. 13	Business	Footwear and Leather Goods cluster	INT17
13	13.05.2016	50:35, p. 13	Business	Dairy cluster	INT18
14	13.05.2016	54:36, p. 14	Business	Creative and Content Industries cluster	INT19
15	16.05.2016	23:08, p. 6	Non-profit organization	General Manager	INT20

codes (Glaser and Strauss 1967). Our data collection and pattern identification continued until we reached saturation. We developed critical thinking (Seitanidi and Crane 2009) on the topic of analysis, namely how the actors made sense of CSV. Our analysis involved three steps.

Step One

The interview transcripts were imported into the qualitative analysis software Nvivo11 (Bazeley 2007; Gibbs 2002) and our inductive process was based on these texts. Line-by-line analysis of the interview transcripts allowed the extraction of interviewees’ meanings, thus highlighting the most important sentences, thoughts, and expressions related to how business actors make sense of CSV. Coding was conducted independently by the first two authors; the results were discussed to agree on final codes and to ensure analytical rigor (Morse et al. 2002). First, a set of first order codes was compiled by each coder, for example “statements about the development of green products or energy-saving production methods”, “declared moral responsibilities beyond what is

legally required”, comments related to “waste management”, and the “importance of overall workers safety”. This resulted in six first order codes.

Step Two

The second step involved the identification of themes emerging from the interviews, based on the grouping of first order codes into second order themes, thus moving iteratively between the data and the emerging categories (Glaser and Strauss 1967). This deductive identification included a review of the relevant literature to understand whether “the emerging themes suggest concepts that might help describe and explain the phenomena we are observing” (Gioia et al. 2013, p. 20). Table 2 presents the six second order themes summarizing the dimensions of the first order codes.

Step Three

This involved the further development of the concepts and their relationships until saturation was reached, and resulted

Table 2 Coding scheme

First order codes	Second order themes	Aggregate dimension	Human rights considerations
Statements reflecting the need to strengthen inter-firm collaborations Statements about the importance of trust in clusters Emphasis on economic growth Focus on innovation for growth Focus on firms' incapacity to thrive in a deprived and underprivileged environment Training and valorizing human resources important for firm growth Focus on access to finance to achieve growth	Profit seeking Overcoming growth constraints	Growth first	Focus on economic goals Otherwise, a very limited and unarticulated understanding of human rights Environmental, social, and human rights benefits trickle down from economic growth
Statements about the development of green products or energy-saving production methods Emphasis on efficiency as a cost-saving strategy Emphasis on exploiting existing resources Focus on waste management	Energy-saving motives Exploiting existing resources to the full	Green-win	Focus on environmental issues as a win-win strategy when economic payoffs are easy to foresee Weak explicit connection between environmental issues and the protection of people's rights to health and life
Statements about labor rights Declared moral responsibilities beyond what is legally required Statements about the importance of institutions Focus on the importance of overall worker safety Attention to equal opportunities	Protecting and promoting labor rights Humanizing business activities	Humanizing the business	Some knowledge of workers and community's rights, especially in the area of safety and health Human rights are gaining relevance, and respect for them and their promotion is independent of their economic payoff

in three aggregate dimensions (Corbin and Strauss 2008; Spiggle 1994). The coding process identified three main frames, which we labeled as *growth first*, *green-win*, and *humanizing the business*.

We selected interview extracts to represent each of the frames; the main findings are presented in Table 3.

Results

The analysis of the qualitative material allowed us to distinguish the three cognitive frames.

Growth First

This frame dominated and prioritized profit maximization. Respondents' views of the role that business plays in society emphasized the responsibility to generate employment and profits, since this produces economic value that will induce growth and benefit society. This description of *growth first* was also reflected by respondents' views of the firm as an engine of economic growth, which is one of the goals of CSV projects in low-to-middle income countries. As a respondent from the local business association (INT

2) stated: "*The best possible scenario of the CSV cluster initiative is that it strengthens firms which are the engines of wealth and prosperity in the territory*". Similarly, respondents viewed CSV as a way to "*generate prosperity*" meaning "*a state of well-being based on citizens' wealth*" (INT 8). CSV was seen as wealth-generating: "*we want to generate wealth, and key to this is the private sector*" (INT 8). As described by a respondent, companies play a distinct role in the wealth generation process:

companies are ... agents for good ... they are responsible for the development of productivity, prosperity and quality of life of the population. The more and better companies we have, the more people will be busy, the more people will be working. We will have more people with high well-being, and a better society. And this is why, in this cluster, every time we raise our indicators, more jobs, more companies, more growth, that's our big goal (INT 9).

Another distinctive feature of this frame is that respondents considered well-being and value generation for society to *automatically follow* economic growth processes. As a respondent put it: "*value is generated to society when*

Table 3 Excerpts from the interviews

Excerpt #	First order codes	Excerpts from interviews	Interviewee code
FRAME: growth first			
1	Statements reflecting the need to strengthen inter-firm collaborations	<p>“We have two types of interventions. First, interventions associated with the development of suppliers, specifically working with anchor companies to improve the company’s supply chain productivity. Second, interventions for improved resources use and efficiency”</p> <p>“The anchor company started a training and support program for its suppliers to improve their production processes and their product quality; eventually the anchor company will have to improve its production process”</p> <p>“The first benefit is that there are spaces for entrepreneurs to sit down and discuss [issues] with other entrepreneurs in different industries. [...] And together they find ways to overcome the problems”</p> <p>“Through CSV, we need to promote local economic development, we need to ensure that the contracted suppliers generate economic value out of the contract, for them, and for us”</p>	<p>INT 1</p> <p>INT 10</p> <p>INT 6</p> <p>INT 20</p>
2	Statements about the importance of trust in clusters	<p>“Trust is a day-to-day issue. Maintaining trust is difficult. In some instances, cluster members have lost trust in other actors, and it is necessary to bring them back. We’re absolutely convinced that this factor is transforming the way we do business and improves its likelihood of success”</p> <p>“... behind the agenda there is the matter of generating trust among different actors, the different actors in the cluster, which in many cases are even competitors. Through this agenda they generate bonds of trust, and work on agendas that end up benefiting everyone”</p>	<p>INT 8</p> <p>INT 1</p>
3	Focus on innovation for growth	<p>“In terms of product and market innovations, we developed pilot projects with companies, helping them to precisely identify and develop projects for the generation of new products, innovative products that meet the social and environmental needs of the local context we have here”</p>	<p>INT 13</p>
4	Training and valorizing human resources important for firm growth	<p>“Clusters normally organize work groups around human capital, because this is one of the main areas where many clusters and sectors suffer a significant gap, and this constrains their economic growth”</p> <p>“Company Y has a very nice program which trains the farmers’ young children. They take a course that instructs them how to continue in the business but from the point of view of generating in them a love for the business, that’s very cool...[...].”</p>	<p>INT 1</p> <p>INT 10</p>
5	Focus on access to finance to achieve growth	<p>“The financial sector often cannot reach or doesn’t have the coverage to reach the most vulnerable. Then the entrepreneurs in the information technology cluster improve this reach or propose solutions that help these people to have better access to banking, which means that they also improve their financial indicators”</p>	<p>INT 9</p>
FRAME: green-win			

Table 3 (continued)

Excerpt #	First order codes	Excerpts from interviews	Interviewee code
6	Emphasis on efficiency as a cost-saving strategy	<p>“For example, [in some of the clusters] we have projects associated with resource efficiency that have environmental impacts [...] some examples are efforts even with... handling fatty residues and oils in the gastronomy cluster, ... to see how they can reduce the environmental impacts of use of oils and fats;”</p> <p>“The dry cleaners... are the biggest polluters of the environment; that’s where the fabric is washed to make the jeans, that’s where all the fabric wear occurs in the dry cleaners. It’s where the most water is consumed, and the pollution occurs in our process.[...] so, we did an exercise in the socialization of what shared value means and how they could improve their process so as to waste less water and fewer resources and contribute to the environment to have a fairer and much more sustainable society”</p>	INT 9 INT 12
7	Focus on waste management	<p>“Some groups handle collection routes. On some sites, this wasn’t happening because the companies were not treating the waste properly. There is another group of companies we work with, which we started to educate about how them to handle the waste, so that they could open collection routes that respect waste collection standards”</p>	INT 16
8	Statements about the development of green products or energy-saving production methods	<p>“Company X produces necklaces and earrings from rubber bottle caps. They have developed an innovation using something that for other companies is waste, they have converted it into an opportunity”</p> <p>“We are working with companies that produce natural ingredients or products based on natural ingredients. These companies are collaborating with indigenous communities to help them to develop green products”</p>	INT 14 INT 11
FRAME: humanizing the business			
9	Focus on the importance of overall worker safety	<p>“Well, firms found strong improvement in working conditions throughout the value chain and, thank God, we have a social security law that helps us advancing with this labor safety agenda!”</p>	INT 5
10	Statements about labor rights	<p>“You know, we expect workers to have minimum labor standards guaranteed and protected by the law. In my job, I am exposed to metals all the time; I need to be informed about the perils and to be given the tools for protecting myself from health hazards”</p>	INT 15
11	Attention to equal opportunities	<p>“We help single working mothers, because they are alone, and they are the breadwinners in the family and have to carry the burden of feeding and educating their children. We give them extra support and services, because we feel this is the right way to go”</p>	INT 18
12	Declared moral responsibilities beyond what is legally required	<p>“some decisions need to be taken because this is morally correct and just to do, not because they pay off economically or only because, otherwise, they put you in jail”</p>	INT 17

business opportunities and market opportunities are generated ..." (INT 20). Another interviewee said:

That is how we have always understood shared value. We have not seen it as philanthropy or: 'come, help a school; come and help'. No. It is: 'come and we begin to solve problems of our competitive context', 'help us sell more and more', because this is what is really important after all ... So this is what we are going to do ... I know that if I participate in these activities [CSV projects, etc.] and develop programs to improve my competitive environment, I am benefiting ... and I will really improve my economic indicators ... and I will be much more prosperous and I will grow; then I can help others grow economically. So, to me, shared value is when I have improved my economic performance, and in so doing, I help the others and then contribute to overall local economic growth. All other desired things – social welfare, environmental sustainability, human rights and so on will follow from that (INT 9).

In certain cases, positive externalities from business activities were invoked explicitly as an important social value generation channel. For instance, a respondent commented on a firm that paved a road to improve the transportation of its products and ...

obviously, unintentionally and without considering it or knowing what was going to happen, it ended up benefiting the entire environment. Of course, the trade soared in that street because many people took advantage of it and put their small business there ... since there is a street, I put my hairdresser, my laundry, etc. and you see now that area is an impressive thing. All these businesses are benefiting the local society as a whole, there is no doubt about it! (INT 10).

Since this frame focuses on economic value generation, all the second order themes identified within it are oriented toward enhancing competitiveness and aimed at economic success. To illustrate, respondents selectively chose dimensions of the CSV policy which they deemed instrumental to these ends. More specifically, respondents emphasized CSV goals such as strengthening inter-firm collaboration and the local value chain (Table 3, Excerpt 1) to increase productivity and resource efficiency, and the need to engender trust among cluster participants (Table 3, Excerpt 2), which ultimately improved the likelihood of success and the possibility of "*positive externalities for those who participated in the process*" (INT 8). In this context, boosting innovation was a recurrent theme, and respondents frequently expressed concern about the capacity of cluster firms and entrepreneurs to innovate—a capacity considered critical for competitiveness and growth (Table 3, Excerpt 3).

Next, the second order themes refer to the underdeveloped conditions under which local entrepreneurs operate, which hint at the obstacles facing CSV goals. Respondents felt that their firms were underperforming due to the home country's technological and economic backwardness, which reduces access to opportunities. They believed that CSV would eliminate or alleviate these constraints ("*there is no healthy company in a sick community*"; INT 9). Thus, respondents considered CSV useful to the extent that it allowed for training and the valorizing of human resources (Table 3, Excerpt 4), and facilitated access to finance (Table 3, Excerpt 5), as exemplified by the second order theme of overcoming growth constraints.

Hence, in this framing, respondents made sense of CSV by being selective in choosing those dimensions of CSV policy which would boost economic growth and overcome growth constraints, such as greater collaboration, trust-building, and capacity-building (human resources training and innovation). More broadly, the interviewees used *growth first* as a cognitive frame in which the economic actors employ a pro-business logic which prioritizes economic goals and see economic growth as a social value, but which does not consider human rights. The emergence of this frame was surprising since our respondents explicitly ignored the key tenets of CSV. They considered the fulfillment of social, environmental, and human rights goals as an *automatic consequence* of economic growth ("*all the rest of nice things will follow*"; INT 9), and not as the result of a deliberate decision to pursue sustainability goals.

Green-Win

We label the second frame *green-win* because respondents demonstrated a significant awareness of ecological and environmental issues which they addressed in two ways (i.e., our first order codes and second order themes). First, by transforming their production process and value chains to address environmental concerns through, for example, energy-saving production methods, better waste management, and less hazardous production processes (Table 3, Excerpts 6–7). Second, by exploiting existing resources, that is making the best of them when having to produce something innovative. For example, one company developed a project to produce a green product, namely earrings and necklaces using soda bottle rubber caps (Table 3, Excerpt 8). In this frame, which was less popular than *growth first* but nonetheless still frequent, our respondents reported prioritizing environmental issues. Simultaneously, however, they did not associate environmental topics with respect for human rights, despite the link between environmental contamination and people's rights to health and life (none of our respondents explicitly or spontaneously articulated this connection). In this frame, entrepreneurs saw themselves as enhancing their economic

performance by *also* helping the environment which follows the win–win logic, for instance recycling or energy-saving processes that cut costs and therefore are functional to increasing profits. A respondent said:

... when one tells the employer, continue to develop your economic objectives but connect them to environmental needs, they need to see a return, otherwise it doesn't add up for them ... When you say, because environmental issues imply reducing water and energy, and you explain that this implies savings and that saving energy improves impact and performance because there is less leakage of natural resources and it improves production, it adds up for the entrepreneur, because this is what is attractive (INT 9).

Or:

When we do projects related to the environment, it is either because there are sanctions imposed by the regulatory entity, or because we definitely want to take advantage of that environmental issue as a sales argument, say: 'hey, look, I manage my environmental scheme accordingly, and today I want to sell it to a multinational company that is demanding it, I want to take that as a selling argument' (INT 12).

Respondents frequently emphasized that the firm was not a charity, so what was good for the environment needs to be good for the firm's profits, otherwise it is not viable. In other cases, respondents highlighted that improved environmental management is driven more by associated potential economic gains than by environmental conscience:

... one sees for example, companies making clothes ... there is a lot of waste from what is being cut from the fabric to assemble the garments which is eventually now sold to companies that make mattresses or beds but the motivation for doing this is based more on what they gain from reusing the waste than on their environmental conscience ... (INT12).

This frame reflects a one-sided and selective conceptualization of CSV which focuses only on environmental concerns, and mostly disregards social and human rights issues which arguably are too complex and risky to be part of a rigid win–win logic. *Green-win* is a framing that reflects economic decision makers' attempts to strike a balance between profit maximization and sustainability goals. However, it appears to be too firmly anchored in the idea that payoffs from green investments need to be foreseeable and concrete, as in the case of energy efficiency. This casts doubt on the actual transformative power of this cognitive frame regarding sustainability decision making.

Humanizing the Business

Although less frequent, this frame did emerge. Both second order themes were related to human rights goals. The emphasis was on respect for labor rights (which *are* human rights, see Bernaz 2017), the avoidance of health hazards, and the protection of vulnerable groups. The focus on human rights was deemed justifiable even if it did not produce immediate economic rewards for the firm. For instance, one firm had developed a program to employ women who had survived cancer despite their higher risk of future illness (and the higher costs this entailed for the firm, e.g., to train new workers, loss of competences, etc.) In this and a few similar cases, managers and entrepreneurs showed great awareness of human rights issues and focused less on win–win strategies. Moreover, they perceived a clear link between CSV and human rights. As a respondent said: "*I think that CSV translated the human rights language into something easier to understand for entrepreneurs in a bid to make possible human dignity. Therefore, it helps to make possible human rights for all*" (INT 20).

More generally, the respondents suggested that they respect labor rights because these rights are either a legal requirement which they respect (Table 3, Excerpts 9–10), or because they consider it a moral responsibility even beyond what is prescribed by the law (Table 3, Excerpts 11–12). Compared to the other two frames, respondents sought to humanize their business activities. A respondent provided some useful insights into the understanding of CSV within the third frame:

As a company, we were born with a conviction to leave a mark on the world ... but we did not want to do standard social responsibility like, say, 'if I am doing harm, if I am destroying forests, then I will compensate for this, for instance, I will fund some libraries for that' ... I did not want to do that. So, we began to engage with women who had survived cancer ... We were aware that we could take a big risk ... people were saying, 'they will have problems', 'you can't do that; if you want to help, help them from the outside of the company', 'don't mess around', these were like the kinds of noises we were hearing everywhere. Today, ten percent of the women we employ are cancer survivors, and we want to increase this percentage, and this is how we have understood the issue of Shared Value, it is giving or helping: this is not an expense, it is an investment and we have understood it this way, and we know that many people still don't understand it ... but we generate a lot of value, because today it is not enough to make money (INT 18).

In this frame the focus switches from the firm and its profits to human beings and their protection. Compared to *growth*

first and *green-win*, we observe a frame shift where the most plausible understanding of CSV is related to protecting the rights of the most vulnerable and, as a result, creating shared value. We note that in this frame the protection of human rights is not explained in terms of CSR (“*we did not want to do standard social responsibility*”) but rather in terms of an investment with uncertain returns over the long run (“*we were aware that we could take a big risk*”; INT 18). Moreover, in this frame, profit maximization is not seen as a priority, and the emphasis is on courageous decisions which depart from established business routines. Such radical decisions are not taken because they will necessarily pay off financially, but because they are the right thing to do. As a respondent reported: “*all the projects that we developed do not aim to improve the company but the community around us, the community in which we operate*” (INT 17).

Another interviewee commented on the outstanding efforts that entrepreneurs had made to ensure a sustainable transition toward a production process that was less noxious to the local community:

It was very hard, it was long. This is a process of about two years, a little more than two years. [...] but those who made it they feel now ... like in heaven, for they have managed to address their heavy hazardous impacts on health, you cannot imagine how I feel relieved now. But of course, it was traumatic, very hard, many things happened, and it was not initially foreseeable, well we made it... But still ... not everyone is fully convinced ... but the firms that did the transition are leaders, they did so not because it was good for them, but because it was the right thing to do for the community (INT 17).

These insights reveal the complexities of a transition to a more rights-oriented business model, and that it may require economic decision makers to be prepared to fight and face ‘thousands of barriers’ to translate pro-right goals into reality, as this would require abandoning comfort zones, disregarding conventional models, and entering uncharted territory.

Discussion

The aim of this analysis was to explore how business decision makers make sense of CSV in order to shed light on the transformative power of this policy. Our findings resonate with the earlier critique of CSV (Crane et al. 2014; de los Reyes et al. 2017) but add a sense-making explanation of CSV’s potential lack of transformative power.

Based on our results, we argue that our first frame—*growth first*—reflects the perpetuation of a pro-business mental model grounded in utilitarianism. This frame

demonstrates economic decision-making inertia which still seems to be anchored in the idea of the firm as an efficient profit maximizer and in the existence of ‘trickle down’ effects from economic growth to societal well-being. Inevitably, viewing the world through this lens implies that decision makers are persuaded by the argument that their prioritization of profit-seeking activities will eventually do good to humankind and that this outcome legitimizes their choices (Friedman 1970; Jensen 2002). This is a striking result considering that the respondents had been trained in core CSV principles and goals prior to our fieldwork. It suggests that previous exposure to CSV had not fundamentally altered the respondents’ profit-maximizing logic.

Our second frame—*green-win*—demonstrates that CSV had advanced the thinking of some decision makers who currently recognize the importance of environmental concerns, but only if benefiting profit-seeking objectives. In our view, this frame can be understood as a slightly more advanced cognitive model that is likely to generate minimal transformative steps towards sustainability, given economic decision makers’ greater awareness of resource scarcity and the environmental crisis. In the context of CSV, this model reduces the complexity of environmental challenges and formulates them as a tractable construct (win–win strategy). Accordingly, entrepreneurs can make sense of the idea that reducing waste or making more efficient use of natural resources and energy is also cost saving. This frame is consistent with Hahn et al.’s (2014) ‘business case frame’, in which managers’ cognition of and decision making on sustainability are influenced by their pragmatic stance toward making a profit, reducing risk, and deviating slightly from established routines. In this cognitive frame, when faced by the ambiguities of sustainability issues, managers and other decision makers may prefer to simplify and eliminate tensions, thus leaving little scope for a radical departure from their conventional business models. Nonetheless, they make an effort to address *at least some* environmental tensions.

Both the *growth first* frame and the *green-win* frame appear to be grounded in pro-business mental models, which seem ill-suited to change economic decision-making processes in radical ways. These frames, moreover, seldom make explicit reference to human rights. When asked more directly about human rights, respondents—adhering to these two frames—expressed either negative views, namely that “*human rights are not an issue that has been given priority in the implementation of CSV*” (INT 19), or felt that human rights were not fit to address sustainability goals. Asked whether they had heard about the UNGP, a respondent replied: “*No, the truth is that I do not know anything about it*” (INT 12), even though an openness towards such novelties was also observed (“*if you share it with me it would seem cool to me ... we are in a moment of great sensitivity*”; INT 12). In other cases, respondents tried to establish some

connection with human rights, but it was evident that they were out of their comfort zones. For instance, when asked—in the context of a polluting industry—about protecting the health of workers and local communities, an entrepreneur expressed concerns and frustration:

No, let's say that we have not considered [human rights] so deeply, ... we did the work, as I say, with the tanning companies which are more [polluting] for people in marginal neighborhoods of [the city]... the working conditions are also very poor because all those chemicals with which they process the dyeing of the leathers, that is very polluting but ... with tanneries they have been doing a lot of work ... these companies understand that they have to comply with the basic conditions of environmental management because this is a legal requirement ... but we had to convince them because they thought that if they put in place a better and more regulated environmental management process they would be more closely monitored by the authorities, and we had to convince them why this was important ... (INT 12).

This quote is typical of the tone of the whole interview. The respondent suggested that the firms she worked with were against the adoption of the prescribed environmental management practices for fear of closer monitoring by the authorities, and the comment exemplified the difficulty of convincing these firms to invest in the protection of human rights—in this specific case the right to health of workers and communities affected by poor environmental practices. In this climate of skepticism and fear, it was difficult to address the topic of human rights directly.

Our third frame—*humanizing the business*—is more of a niche, but it nevertheless shows that an alternative route is possible: economic decision makers can face sustainability paradoxes (Hahn et al. 2014) although this requires a different mental model. It requires a different framing of the firms' expected role in society. This means not regarding the firm primarily as a profit maximizer, but accepting the tensions and risks that may arise when addressing existing social and environmental issues. Adherence to this frame is accompanied by negative judgments from other economic decision makers with different mental models: “[if you follow this route] *you are going to have trouble with lawyers*” (INT 10). It could also involve exceptional risks (“*there are thousands of barriers, thousands of problems*”; INT 17). Intellectually, this frame is distant from the other two frames. It is more akin to a view of economic development as the ‘eradication of unfreedoms’, *a la* Amartya Sen (see e.g., Sen 1999) who does not consider income-related goals as ends of the development process. We were unable to assess whether, over the long term, this frame pays off economically, since the measurement of this dimension was beyond

the scope of the present research. However, the interviews seem to suggest that it does. When respondents claimed that entrepreneurs who addressed human rights issues eventually were “*like in heaven*” (INT 17) or generated “*a lot of value, because today it is not enough to make money*” (INT 18), they evoked—at least indirectly—a successful business model.

In our research context, we consider *humanizing the business* as the most advanced cognitive frame to spur sustainable transition, and the one more likely to be compared with other frames. The *green-win* frame represented a very small step in the same direction. However, the dominance of *growth first* raises questions about the reasons for its popularity and reach. This could be because it is the most conservative and safe approach to business, it does not require a radical departure from the conventional pro-business model, and it exposes economic decision makers to less risk, less uncertainty, and no paradox. Furthermore, *growth first* does not require a degree of *cognitive stretching* to enter the unknown and complex terrain of sustainability and human rights. Also, the possibility is not excluded that our research context favors a *growth first* cognitive framing. Political economy research suggests that Latin American countries' dominant economic and business models have been influenced by neoliberal economic thinking and training (Biglaiser 2002; Margheritis and Pereira 2007), which may explain why pro-business cognitive models are deeply rooted in entrepreneurs' thinking.⁵

Conclusions

This paper makes three contributions to the literature. First, it adds to existing CSV literature by exploring how CSV is framed in the minds of economic decision makers. Whereas CSV has been criticized (e.g., Aakhus and Bzdak 2012; Beschorner 2013; Crane et al. 2014; de los Reyes et al. 2017), most of the previous research is conceptual and overlooks the possible disconnect of the *will* of economic decision makers to address sustainability challenges and their *mental capacity* to do so. To the best of our knowledge, this paper is among the first to provide an empirical analysis of the emergence of cognitive frames regarding CSV, and it provides a sense-making explanation of why the adoption of a CSV policy may not result in the sustainable transformation of business practices. In order to refute established pro-business mental models, we propose that economic decision makers should abandon their ‘unitary truths’ (Smith and Tushman 2005, p. 525), and should subscribe to more ambiguous and inconsistent views that include fewer fixed

⁵ We thank an anonymous reviewer for this suggestion.

reference points and more paradoxes (Hahn et al. 2014). Based on our findings, we believe that future research should investigate whether context, for example in terms of firm size, industry, and country characteristics, influences the cognitive framing of sustainability issues.

Second, in order to promote a frame shift, the paper emphasizes the need for a more explicit connection between CSV and the ‘business and human rights’ agenda. Previous research tried to identify areas of overlap between CSR and human rights (Wettstein 2012; Wettstein et al. 2019), concluding that it is difficult to incorporate the logic and language of human rights into business practices. In part, this is because firms and their decision makers still find it extremely difficult to make sense of this notion. To increase the business appeal of the human rights agenda, scholars and practitioners contend that the human rights language must be reduced to a simple win–win strategy focused on risk avoidance (Obara 2017, among others). However, this introduces a paradox: a business and human rights agenda framed in this way cannot transform the current system into a more rights-oriented model. The reason being that it would fit a cognitive model in which decision makers prioritize economic gain over human rights (see also Fasterling 2017), and it would risk opting for rights that are more likely to pay off economically. The accompanying risk of disregarding more complex-to-address rights would be high—an outcome that contrasts with the notion of the indivisibility and interdependence of human rights. Hence, a real transformation will require a frame shift in the opposite direction: rather than trying to fit the complex human rights agenda into a business case frame, decision makers need to adopt a cognitive model that accepts complexity and ambiguity, rather than eschewing or translating it into plain and potentially empty language. In principle, the rights terminology “matters insofar as rights are, as the legal philosopher Ronald Dworkin (1984) put it, ‘trumps’. That is, rights enjoy priority over considerations that ‘merely’ aim at enhancing the public or private good” (Wettstein et al. 2019, p. 59). We therefore suggest that any gain from connecting the CSV/CSR languages to human rights will depend on a new cognitive model that radically differs from the *growth first*, the *green-win*, or similar frames. Admittedly, this will be difficult and will take time to achieve, but business schools, MBA courses, and related education programs could start the process. We are referring to the explicit training of managers and other decision makers to ensure greater respect for human rights in their business conduct and to provide them with the right conceptual tools to accept companies’ respect of human rights as a core component of business decision making.

Finally, this work contributes empirically and conceptually to research on cognitive frames related to managers’ interpretations and sense making of their complex world,

and how these frames shape their sustainability choices (Balogun et al. 2014; Cornelissen and Werner 2014; Reinecke and Ansari 2016). Adding to the frames proposed by Hahn et al. (2014), we contribute two dichotomous mental models. At the one extreme, we identify the *humanizing the business* frame, which we conceptualize as a pragmatic, paradoxical frame that allows radical departures from established routines. However, since this is a niche model, future research should investigate whether it could be scaled up to become more widespread and dominant. At the other extreme, we identify a ‘conservative’ frame (i.e., *growth first*) in which the attainment of socio-environmental and human rights goals emerges automatically from economic growth and wealth generation. The pervasiveness of this logic among business people, and especially among small and medium-sized enterprises with no global reputation, is unclear. This justifies further research because normative frameworks aimed at regulating business (e.g., de los Reyes et al. 2017) are unlikely to take root if the mental models of managers and entrepreneurs continue to be anchored in a *growth first* mental model.

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