

Creating Shared Value Embedded an Inclusive Business Model: A Case Study

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ABSTRACT— *The creation of Creating Shared Value (CSV) concept of Porter and Kramer (2011) has disclosed in empirical managerial to both of theoretical research and business practical according to the fact that it has become a concept that could be practiced and expanded. In essence, CSV implementation can initiate and determine from the corporation's existing resources hence, using existing resource deemed to exemplify effort value. Hence, this study aspires to examine the business model that correspond to CSV concept and would appoint to be prototypical of business success with a case study. This study aims to identify the critical factors for the implementation of an inclusive business model and offers a context for a critical perspective of business and social conditions for adopting CSV business model. Business continues to operate as the CSV-profit opportunity focused simultaneously, contributes the empirical of social value creation to society. The case study evolves the corporation successfully managed and strengthened to the community which it marks by supportive the agricultural cooperative. This pattern is operated with CSV-altruism focused which has become the core element of CSV business model. In the sense, there has been emphasized the elementary of organization culture since it has been cultivated at the beginning of business establishing.*

Keywords— Creating Shared Value, CSV-profit opportunity focused, CSV-altruism focused, Inclusive business model, Agricultural cooperative

1. INTRODUCTION

Bangchak Petroleum Public Company Limited established in 1984 as the state enterprise and has adopted its businesses with values and cultures coherently with national energy security and the development of the Thai society. Bangchak deemed to be altruism as created for striking a balance between value and virtue which was the enthusiasm of tackling a social issue. Simultaneously, Bangchak has relied on sheer determination to run energy and downstream businesses for public interests. Hence, Bangchak has found ground on CSV-profit opportunity focused (Nittapaipapon and Atchattabhan, 2016). In addition, the corporation was praised from Thaipat Institute, the Shared Value Initiative Affiliate in Thailand and deemed to best exemplify efforts to integrate the CSV implementation by Porter and Kramer (2011). Thaipat Institute is the first Shared Value Initiative Affiliate in Thailand regarding through the affiliation of the Shared Value Initiative and the consultants who are trained and certified by FSG and the Shared Value Initiative. Thaipat Institute commits to sharing its thought leadership and consulting expertise that combine business growth and social impact via shared value strategies to corporations, governments and civil society organizations in Thailand.

Since it was established, the corporate culture and mission have been fully aligned with the principle of business sustainability with environment and society. This principle demands clear alignment and strong adherence between business activities and the environment and society, as well as the adoption of the sufficiency economy philosophy, corporate governance principles, and principles of social responsibility. These principles have been integrated and applied to drive Bangchak toward sustainable growth under the corporate vision of creating an energy business that is environmentally friendly for sustainable development or Greenergy Excellence. As a Thai company, Bangchak Petroleum PCL has its key missions on the enhancement of energy security and the Thais' quality of life through creating value in parallel with virtue.

As a good corporate citizen, Bangchak is fully committed to growing invariantly to its original work philosophy in creating value for society and the environment with both CSR in-process and CSR after-process activities, designed and executed at all levels from local communities, communities surrounding the refinery and the nation. All work activities promote stability and strengthen preventive capability toward better, sustainable economy, society, environment, and energy security for Thais. These missions are adhered to by executives and all employees of all units under the employee

culture of “to be virtuous, knowledgeable, and contributive to society”. As these aforementioned, this study intends to classify the critical factors for the implementation of an inclusive business model of Bangchak and propose the thriving perspective of business and social conditions for adopting with CSV business model.

2. LITERATURE REVIEW

2.1 Social and Inclusive Business

As corporations are expected to generate social value as well as business advantage, the civil society, and the corporate sector are moving closer to each other. As said by Bruggmann and Prahalad (2007, p. 5), “their interactions have created new links between business innovation and social development”. The interaction between governments, civil society, international organizations and the corporate sector provides a base for partnerships, collaborations, and alliances. However, the understanding of these new business models and the role of stakeholders and partnerships are still evolving. There are some research areas associated with new business models and the role of cross-sector collaboration that calls for research efforts (Cronin et al., 2011; Michelini and Fiorentino, 2012; Reficco and Marquez, 2012).

The rapid growing markets are the ones in developing countries (Michelini and Fiorentino, 2012; Prahalad and Hart, 2002). With this in mind, Prahalad and Hart (2002) present the “base of the pyramid” markets (BOP), as the ultimate base for business, meaning that corporations with a will to invest in developing countries can find business opportunities and competitive advantages in meeting the needs of a growing market. However, this is not a question of bringing Western systems into developing countries. It is rather about innovation and fundamental changes of strategy to create business models that are economically sustainable and in line with the needs of local communities (Prahalad and Hart, 2002). The objective is to move beyond philanthropy and focus on common prosperity, also known as “shared value” (Porter and Kramer, 2011). Through innovations and entrepreneurship, new business models that are implemented in poor communities can reduce poverty and improve community empowerment (Bruggmann and Prahalad, 2007).

A result of saturation in established markets, many multinational corporations has turned to emerging markets in the developing world (London and Hart, 2004). Initially, the strategy was to make products for people in the wealthier parts of the world. However, recently the attitudes towards the BOP markets have changed. Corporations have realized that markets at the base of the pyramid are the fast growing markets which, if managed properly, can provide the corporations with unique business opportunities. However, the profit-focused business strategies and economic patterns might not be suitable for these new environments. Thus, there are both major opportunities and major challenges associated with the development of these new business models, and moreover certain implications associated with the process. Furthermore, Michelini and Fiorentino (2012) stress that as developing countries suffer from many social problems, the strategy has to generate business as well as social value, hence shared values. At the core of the shared value business models lies the objective of combining social and business advantage (Porter and Kramer, 2011). The goal of shared value is attained when the value is generated both for society and shareholders. The subsequent section presents some of the different theories associated with building business models of shared value at the bottom of the pyramid.

Meanwhile, the social business model implies that a company adapts products in its current business portfolio to a low-income market. Thus, the value proposition is to offer a product with features and prices that serve the needs of the low-income sector. The inclusive business models, on the other hand, involve lower-income communities as for example suppliers or distributors (Michelini and Fiorentino, 2012; WBCSD and SNV, 2008). Accordingly in the inclusive business model, it is not the product that is changed, it is rather an internal process where the core-business is transformed to generate long-term value for the company and the community. The two kinds of business models also differ in how profit is managed (Michelini and Fiorentino, 2012). In the social business model, the dividends are often reinvested in the business model while the inclusive business model is managed as a traditional for-profit company. There are also some similarities between the two models. For example, the social and the inclusive business are similar regarding partner networks, in both areas partnerships with non-profit organizations and local/international organizations are frequently occurring (Michelini and Fiorentino, 2012).

Regarding the benefits and risks for both business and community, they can appear from inclusive and social business models. For the company, the benefits come from enhanced brand equity and reputation as well as a competitive advantage from finding new markets and building local relationships. There are also certain kinds of benefits that can only be obtained from the inclusive business model, as they are related to local productivity. Those benefits are a reduction of production costs, access to local distribution networks and quality materials. For the community, the benefits of the social business model are related to the local quality of life as it can provide new products and increase entrepreneurship. Moreover, there are also risks associated with the business models, both for the company and for the community. Regarding the risks for the company, emerging markets in general require high start up and transaction costs due to matters like the political situation and difficulties managing the supply chain effectively. Hence there is a risk that the company will not reach economic sustainability. In addition there is a risk that if anything goes wrong, there can be

negative consequences for the company reputation. The biggest risk of the social business model is that it might lead to a privatization of goods that preferably supposed to be public. Regarding the inclusive business model, the risks for the community includes the development of an oligopolistic market and hence that suppliers might lose autonomy.

Michellini and Fiorentino (2012) highlights that there are different ways of creating shared value. Either it can be done through the offering of a new product that is adapted to local needs (Social business model) or it can be achieved by the development of a local supply chain (Inclusive business model). The two models offer different value propositions, have different profit patterns and include different risks and benefits. However, the author stresses that the models are similar in the use of partner networks and local knowledge. The alternative models offer a conceptual instrument for analyzing the development of new business models in developing markets.

2.2 Measuring Shared Value

Business models aimed at creating shared value in developing markets imply high startup costs. Consequently, the profits from the social and inclusive business may take some time. However, WBCSD (World Business Council of Social Development) and Netherlands Development Organization (SNV) (WBCSD and SNV, 2008) stress the complex profit path of these kinds of the business model as they also generate indirect company benefits and external social benefits. The indirect company benefits are exemplified by brand positioning, customer loyalty, and employee motivation. The external social benefits are the benefits that are captured by the community benefits such as jobs, knowledge, environmental responsibility and health. Hence, in order to evaluate the profitability of an inclusive or social business, and include the indirect and the external benefits of it, a long-term perspective is needed. However, in many cases, a long-term perspective is not what investors have time for and are interested in. In order to make the new kinds of business models attractive for investors, it is necessary to specify how to measure and assess profit.

As stated by Porter et al. (2012), companies engaging in the creation of shared value cannot know the extent to which they are creating shared value if they do not measure their progress on social objectives and, importantly, the degree to which social performance improves economic value for the business. Even though more and more companies develop business strategies with both social and economic benefits, a tool for how to measure the link between social benefits and business success, and vice versa, is still missing. Furthermore, investors remain skeptical about the direct connection between social issues and economic value (Porter et al., 2012). Companies publish financial, social and environmental reports, but they are often measured separately, without considering the value or the cost to the business. There is still no effective way of communicating and making shared value tangible for the investor community.

Subsequently, Porter et al. (2012) propose a new approach to measuring shared value where the focus lies in the intersection between business and social value creation. Companies can still measure their compliance with social laws, report to stakeholders about environmental and social governance (ESG) and demonstrate positive social impact. However, the reports and measures have to be complemented with a measurement that captures further value creation. For example, if a company successfully improves the market and the job situation in a community, the question should be how to draw further benefits from the situation, by the instance of applying the same program to other communities and thereby increased value for the company. It is simply a matter of measuring the opportunities of shared value and unlocking new value. According to Porter et al. (2012), the pathway to measuring shared value includes various challenges to tackle and several steps to take. The initial activity is to integrate the measurement of shared value into the shared value strategy. Hence, the company must identify what social results to address and what outcomes to measure. It is also essential that the company identifies and understands what links between social needs and business improvement that creates value. Moreover, in order to ensure future value creation and efficiency, it is vital that social and business results are measured relative to costs. Lastly, it is crucial that shared value measures be distinguished from other reports, and also that the company adopts at the pragmatic approach to the process of measurement.

3. METHODOLOGY

This study has been conducted as a descriptive single-case study with the case of Bangchak Petroleum Public Company Limited's implementation of creating shared value (CSV). The case study is suitable when multiple sources of evidence are needed to understand the phenomenon (Yin, 2009). According to Eisenhardt (1989), the data collection can be conducted in various ways ranging from interviews to observation, questionnaires and archives. As the intention of this study is to describe how a business model has been implemented it can be regarded as a descriptive case study. The descriptive approach allows the researchers to describe and illustrate the business model works in a specific context. Subsequently, the interview is conducted for this descriptive case study.

Regarding the case was chosen in this study emphasized to the corporation who granted the Stock Exchange of Thailand Awards or SET Awards in 2014 which researchers have opted for the essential criteria including SET Award of Honor. Bangchak Petroleum Public Company Limited is aligned with the criteria as granted the SET Award of Honor in a field of granting the Corporate Governance Report Awards and Best Corporate Social Responsibility Awards since 2008 - 2014. Bangchak Petroleum Public Company Limited has adopted its businesses with values and cultures coherently with national energy security and the development of the Thai society. Bangchak deemed to be altruism as

created for striking a balance between value and virtue which was the enthusiasm of tackling a social issue. Simultaneously, Bangchak has relied on sheer determination to run energy and downstream businesses for public interests. In addition, the corporation was praised from Thaipat Institute, the Shared Value Initiative Affiliate in Thailand and deemed to best exemplify efforts to integrate the CSV implementation by Porter and Kramer (2011). Likewise, Bangchak still evolves which makes it possible to study the implementation of a business model as a contemporary phenomenon. Therefore, the case studies implicate that the experiences and data from the empirical study can be transferred from the empirical context to a theoretical context.

4. DATA ANALYSIS AND FINDING

4.1 Community Service Station - Bangchak CSV Business Model

According to the corporate culture of sustainable business development in harmony with environment and society, Bangchak and its employees are committed to work to the best of their abilities with responsibility towards the environment and society. Bangchak had an intensive role in community participation and social development, by various initiatives and actions through communities to form a learning process and develop community's self-reliance capability.

Since the first day, the refined petroleum products were sold to PTT Public Company Limited (PTT) and the fact that PTT owned more than one refinery translated to various suppliers of refined petroleum products which, in turn, affected the stability of Bangchak and that is the point which expanded into service station business. The first service station was co-operative service station. It was initiated by the company core culture of contributive to society, as such; on a monthly basis, Bangchak's employees donated for "Lunch for children" campaign.

The different between the community service station and the standard service station would narrate that the community service station is operated by the local agricultural community people, and members are those who live in the community. In essence, "Cooperative Service Station" is one of the pride initiatives. Bangchak partnered with the Sri Prachan Agriculture Cooperative in Suphanburi Province to establish the first agricultural cooperative service station in 1990, which was expanded to support agricultural entity in the community to become owners of Bangchak gas stations, shops, transportation truck, and fixing activities. This helped them to learn organizationally and business management skills with joint community ownership an effort in strengthening community economies, engendering self-sufficiency and a good quality of life society, including for community's self-dependence.

Regarding over 25 years with community service stations, a good example of CSV or also interpret as CSR in-process that has been a long-standing part of Bangchak, community service stations are operated by agricultural cooperatives to upgrade farmers' business competitiveness, spreading the benefit to more than 1 million households in an association that thrives even in economic crises. Toward working as a family, both parties have long supported each other. In 2014, there are 626 community service stations, which spread income and brought better living conditions to cooperative members in short, the benefits are both economic and social by strengthening communities' self-reliance. Then the company set up a Co-op Business Development Division to look after and develop such service stations for sustainable growth. Moreover, Bangchak has highlighted this CSV business model in the approach as follow.

1) Initiated a "Green Partnership Award", under which service stations' good deeds are promoted through the "Green Society" concept. A case in point is a service station contest for carrying out CSV/CSR projects with a focus on CSR in-process under the sufficiency economy philosophy and the ISO 26000 CSR International for consumer stewardship, environmental stewardship, community and social stewardship, and employee stewardship. The key goals are to serve customers, look after the environment, society, and communities near Bangchak service stations, as well as employees and business partners in one way or another. It is equally important, however, that no donation of cash or items takes place.

2) Staged sales promotional campaigns by picking community goods to distribute income, launch new markets, and create jobs for local areas to strengthen community economies. Three items were promoted and sending THB 16 million back to communities such as fruit from the three southernmost provinces; organic tea products and organic rice made by farmers which created jobs and income for the communities that had survived a recent strong earthquake; organic brown rice from a project on Buddhist Farmers School, as community enterprise.

3) Membership card as "The Bangchak card" for connecting people and community service stations project was launched for customers of community service stations and such stations to stage sales promotional campaigns or customer relationship activities suiting each local area. This way, sales volumes will be raised, strengthening community service stations while supporting community economies. Currently, cardholders number over 191,000.

This is why the company has driven participation among target groups in all communities and society through the extension of its social projects. The noticeable thing regarding Bangchak's way of doing its CSV and its way of thinking is what they called, "CSR in-process". It is the way of operating the business together with supporting and making its community to be economically healthier. Consequently, as the attribution of Bangchak, the community service stations was the emphasis on advocate and provide the opportunities to the agricultural sector via operated to upgrade farmers' business competitiveness, strengthen community economic growth. Bangchak is appointed to best exemplify of the

cluster along with CSV by Porter and Kramer. Cluster is not merely stakeholders in the business but include the scope of the business community and irrelevant state organizations as partners in which seek to link and mutually beneficial with business.

As the aforementioned, the community is getting stronger as the company. Even though the time had passed almost thirty years since its beginning, the corporate culture of which it held accountable for its community and responsible for its role toward society are still strong and continue to getting stronger action from generation to generation. It emphasized that the company's actions and community activities are not based on donation, and it is not a onetime duty, it is a continuous process. Moreover, in order to create a more sustainable future and ensured the support of the community, Bangchak had included the CSV/CSR in-process to its company KPIs. In this way, Bangchak's employees are entitled and encouraged to the process of creating a better future for the country.

In the future, the company, in cooperation with the Ministry of Agriculture and Cooperatives, the Ministry of Energy and the Bank for Agriculture and Agricultural Cooperatives, will initiate a conversion of abandoned orange farms to palm plantations for orange farmers. The palm produce will be their new source of income and promote the use of alternative energy, which has been the Company initiative for more than a decade as in gasohol and biodiesel promotion. In all, this business model benefits the environment and provides higher income to support social development in agricultural communities.

4.2 Bangchak Partnered Agricultural Cooperative - The Beginning CSV Business Model

According to the first service station was a cooperative service station. It was initiated by the core company culture of contributive to society, as such; philanthropic activities. Then the activities were leveraged to shared value creation. Hence, Bangchak partnered with the Sri Prachan Agriculture Cooperative in Suphanburi Province to establish the first agricultural cooperative service station in 1990 in which was expanded to support agricultural entity in the community to become owners of Bangchak gas stations, shops, transportation truck, and sewing activities. This helped them to learn organizational and business management skills with joint community ownership an effort in strengthening community economies, engendering self-sufficiency and a good quality of life society, including for community's self-dependence.

All these efforts have catapulted Bangchak into a good example of CSV implementation that has been a long-standing part of Bangchak; community service stations are operated by agricultural cooperatives to upgrade farmers' business competitiveness, spreading the benefit with both parties have long supported each other. Regarding the company set up a Co-op Business Development Division to look after and develop such service stations for sustainable growth. It extended and approached for sustainable business development in harmony with environment and society to stakeholders, with high regard for their needs and expectations.

As cooperative service stations, these stations originated from the idea of fuel barter with rice, a sharing and barter of necessities for life, by the Si Prachan Agricultural Cooperative of Si Prachan city, Suphanburi province. The Company first donated the rice to student lunch programs at schools located around the refinery, whereas cooperatives sold bartered fuels to their members. This trust between communities and the company has since developed the barter trade into modern trade formatted by service stations belonging to cooperatives and community service stations. In 2014, 626 community service stations were owned by community members, with others serving as station members. Such is a unique business with a concept and culture of mutual support, which encourage Thais to form business networks. Besides generating income from fuel sales, community members derive year-end bonuses for their families, thus not only benefiting economically but also forging community strength and self-reliance. This seem to be seen a total sales turnover by such service stations of over 62 million liters a month, or about 28 percentage of the company's nationwide sales turnover.

In addition, the development of environmentally friendly products have met customers' needs, with regarding Bangchak is committed to inventing and developing high-quality products that raise efficiency and are cost-effective. In place are the constant development of product quality, service station improvement, supplementary business addition, and service improvement. Consequently, it had also an intensive role in community participation and social development. Within the "purchase of used vegetable oil for biodiesel production" project, the general public was invited to participate in preserving the environment and people's health by selling used vegetable oil for biodiesel production. After the launch of this project at Bangchak service stations, the company has expanded the purchasing units to cover 25 service stations, including a community service station at the Sri Prachan Agricultural Cooperative, and has received cooperation from various organizations. Owing to the expansion of E85 gasohol service station network Containing 85 percentage of alcohol, E85 gasohol is a green fuel due to its composition of a renewable component and ability to absorb carbon dioxide. As a result, it is desired by environment-conscious consumers, for besides its environmental benefit, it gives farmers higher income with higher plant demand. Interestingly, there is a booming market for new E85-compatible cars, prompting Bangchak to grow those stations selling the E85 from 102 to 200 stations nowadays, driving its market share to 53.2 percentage of the market.

However, the “Green Business” concept between the cooperative and Bangchak enables community cooperative businesses to proceed continuously. Bangchak has provided excellent support in sponsoring service station rebranding to cater to current consumers’ needs, resulting in higher sales. Business culture of ‘developing a sustainable business, while safeguarding the environment and society’ and an employee culture of ‘being virtuous, knowledgeable, and contributive to society’ under an overarching corporate vision of “Greenergy Excellence” (Bangchack Petroleum PLC., 2013). Constantly the company keeps innovating itself-energy production processes, alternative energy, corporate energy-saving, and green energy commodities.

5. CONCLUSION

5.1 Summary of the Study

This study has analyzed Bangchak's business model based on the theoretical of creating shared value (CSV) by Porter and Kramer (2011). In the sense of empirical study, Porter and Kramer (2011) have figured out three distinct ways to create shared value that manifested by reconceiving products and markets, redefining productivity in the value chain and building supportive industry clusters at the company’s locations and relevant activities.

Inherently, Bangchak is aware and recognizes business operations in the fact that lack of social and environmental activities are unsustainable. Hence, the company is determined to do business in such a way that not only can it sustain continuous growth, but also simultaneously contribute positive impacts on society and the environment. These two ways are explained how Bangchak developed CSV into its business model along Porter and Kramer (2011), as the company characteristics are essential for data analysis.

Bangchak aims to become the friendly business models to socially and environmentally, and a low-carbon company to minimize impacts from its refining business as a result of its continuous efforts on clean energy business development, be it a 118-MW PPA solar power plant, palm oil biodiesel plants, tapioca-based ethanol production plants, diesel production from weeds, energy efficiency improvement or the use of clean fuels in the refinery. Moreover, Bangchak developed lubricating oil for fuel-saving cars with low pollutants like eco cars, hybrid cars, and new models for high efficiency of lubrication, engine protection, and for fuel economy. Other qualities include improved cleansing power, breaking-up of soot and sediment, heat resistance, engine life prolonging, and reduce the carbon dioxide emission, which the results have been expected to be the green quality.

Recognizing the significance of alternative energy, which benefits national energy security and lowers trade imbalances resulting from fuel imports, the Company promoted alternative energy by blending ethanol with gasoline and biodiesel with diesel to obtain 91-octane and 95-octane gasohol together with E20 and E85, in addition to Hi-Diesel. Moreover, to ensure continued support to this effort, the Company set up Bangchak Biofuel Co., Ltd., to centralize biodiesel production. As the 360,000 liters per day plant, worth over THB 1,000 million, is located next to Bang Pa-in depot in Ayutthaya province and runs primarily on crude palm oil. To lower risks from the uncertain supply of crude palm oil, the Company initiated a project to turn deserted orange groves into palm oil plantations. At present, it has rented 1,920,000 square meters of land in Nakhon Nayok province as an experiment site for the concept. It acquired common shares in Ubon Bio-Ethanol Co., Ltd. (UBE), located in Ubon Ratchathani province. UBE has exported ethanol to China in accordance with the production capacity to 400,000 liters per day. Another purpose of this move is to enhance the security of ethanol supply to accommodate the company’s expansion plan for E20 and E85 gasohol sales. Toward company’s commitment to be leadership in alternative/renewable energy, Bangchak held on to the market leadership for E85 gasohol and No. 2 for E20 gasohol.

Owing to Porter and Kramer’s second approach to shared value strategies follow this tradition and consist of a holistic evaluation of value chain productivity regarding energy use, logistics, resource use, procurement, distribution, location and employee productivity (Porter and Kramer, 2011). Meanwhile, the approach to shared value strategies is creating clusters for local development which enhances the innovation, competitiveness and knowledge exchange. Regarding partners, vendors and suppliers as critical players in the company’s success, Bangchak puts in place a policy supporting procurement of domestic goods and services, promotion of green merchandise, and development of their sustainability together with Bangchak. Thus, Bangchak has been successfully operating with the cooperation of retail stations and agricultural cooperatives and it would remark that Bangchak enhances gathering its supply chain and clusters with “Green Partners”. Bangchak supports and purchases agricultural products of communities for using as its sales promotional giveaways to grow these product markets while giving these products access to consumers. Bangchak joined the Ministry of Agriculture and Cooperatives, Ministry of Energy, and Bank for Agriculture and Agricultural Cooperatives in developing a new business of turning deserted orange groves into an oil palm plantation to generate income for farmers in line with the public sector’s alternative/renewable energy promotion plan. Subsequently, Rangsit district areas will be utilized for water absorption to counter land subsidence and floods that may ravage Bangkok Metropolis.

Besides managing businesses to boost value in a secure, continued manner, Bangchak relies on a policy to create Green Society by performing a model of Green Process (preserve the environment at every stage of production), Green Product (sell alternative/renewable energy that is environment-friendly), and Green Office (green hiring and

procurement, application of energy-saving corporate resources). At the same time, the company must expand its Green Society network to its affiliates, business partners, and stakeholders, which include society and communities around its refinery, and service stations. Finally, the company's goal is to continually foster innovation of the Green Society network.

5.2 CSV Embedded Inclusive Business Model

Regarding the business model of Bankchak, it strives to strike a balance between business value and social and environmental value. Toward Bankchak set up the first community service station with Sri Prachan Agricultural Cooperative, it seems to be a good exemplify of CSR in-process that intertwined to CSV concept of Porter and Kramer (2011). There has been a long-standing part of Bangchak; community service stations are operated by agricultural cooperatives to upgrade farmers' business competitiveness, spreading the benefit to the community. Over the decades, Bangchak continues to operate as the CSV-profit opportunity focused simultaneously, contributes the society to be perceived the empathy to environmental of business throughout product development, the operational process including the empirical of social value creation (Nittapaipapon and Atchattabhan, 2016). Meanwhile, the agricultural cooperative has found on CSV-altruism focused strategy that the business model has considered without profit and explicitly defines interested for social value creation (Nittapaipapon and Atchattabhan, 2016). Afterward, Bangchak partnered with hundreds of agricultural cooperatives. Consequently, the continuous operation of the corporation has been successfully managed and strengthened the community, as well as brought greater livelihood of the agricultural cooperative members. This business model has resulted in the entrepreneurial spirit of Bangchak that adopted its business model to create value and virtue aligned with CSV by Porter and Kramer which create economic and social value. Inherently, Bangchak has initially started doing since the exact concept was unborn. Hence, this is seemingly significant prototypical of the convergence between CSV-profit opportunity focused and CSV-altruism focused strategy (Nittapaipapon and Atchattabhan, 2016).

The sharing of knowledge among those in similar profession, Bangchak business model has fulfilled and reciprocally corresponded with the community. Moreover, the company has set up a Co-op Business Development Division for the stewardship and the development for the service stations to be sustainable growth. Most of the agricultural cooperatives enhanced to expand various activities and businesses in order to achieve the economic and social interest of the members. These seem to be the successful effect of the spread income, filled up and enabled the knowledge management by Bangchak thoughts on company culture and value.

A long-term perspective characterizes business model that is built on shared value. In addition, the importance of gradual development, building trust and a stable business environment makes the process from start-up phase to full-scale business longer than in traditional business models. Regarding Bangchak's contribution to improving Thais' lives, Bangchak's policy is to foster a Green Society through establishing an organizational model, ranging from Green Process to Green Products, and onto a Green Network that encompasses all stakeholders. A policy for sustainable business development in tandem with environmental and social development has been defined for Bangchak and its subsidiaries to continually implement as part of the creating shared value strategy. This policy underscores sustainable business conduct with due regard for society and the environment.

Owing to the business description, the company has conducted business with fairly marketing in tandem with environmental stewardship and social services all along, including its cooperation with agricultural cooperatives for supporting efforts to strengthen community economies. As the operating results, Bangchak operates more than 1,000 service stations under the trademark. This retail network consisted of 444 standard service stations and 626 community service stations (as of December 2014).

Considering to the Figure 1, it illustrated a market trend of Bangchak in business expansion planning. It can be seen that the standard service stations have decreased whereas there are increasingly and further emphasized to community service stations. In accordance with the company has appointed the Co-op Business Development Division for stewardship and to develop such service stations for sustainable growth. In an attempt to spell out more clearly what Bangchak's business model had to society is to participate in the development of communities and society. It has been reinforced the strength of Bangchak and pinpointed a new and different way to motivate employees to deliver superior client service from Bangchak's mission. As a good corporate citizen, Bangchak is fully committed to the sustainable growing its original of work philosophy in creating value for society and the environment with creating shared value (CSV) implementation. All work activities promote stability and strengthen the preventive capability toward better, sustainable economy, society, environment, and energy security for Thais. These missions have driven the executives and all employees of all units under the employee culture of "to be virtuous, knowledgeable, and contributive to society".

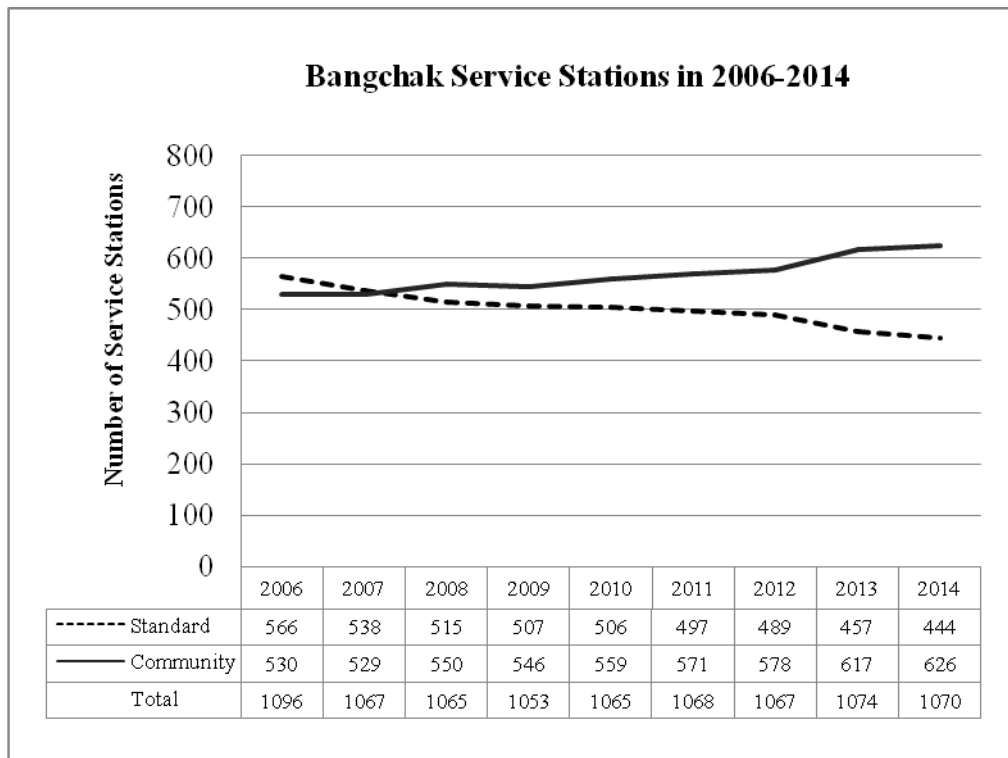


Figure 1: Bangchak service station in 2006-2014

(Ministry of Energy, Department of Energy Business, 2015; Bangchak Annual Report, 2006-2014)

5.3 Managerial and Practical Implication

As a descriptive case study of a single business model this study shows that there are certain features that characterize the development of shared value creation based business models. Moreover, this study expands the literature on opportunities and challenges associated with CSV in the petroleum industry, and the topic of conducting business at the base of the social stewardship. This study identified the critical factors for the implementation of CSV and offers a context for a critical perspective of business and social conditions for adopting CSV business model. These seemed to be the dynamic of community development as a business based on the explicit purpose; it operates the CSV-profit opportunity focused simultaneously it emphasizes to environmental of business throughout product development, the operational process including the empirical of social value creation. Business able to contribute the value while continue to operate based on its strengthen. Regarding the case study of Bangchak Petroleum PLC demonstrates a good exemplify that the business operation of CSV-profit opportunity focused evidently fulfills, and reciprocal reinforces CSV-altruism focused of the agricultural cooperative. Hence, other business who desires to initial remodeling or adjust for creating social value, this case study may be the prototypical for adopting the CSV strategy into the core element of their business model.

5.4 Limitation and Future Research

As aforementioned, the understanding of these features is crucial for an increased understanding of creating shared value (CSV) and sustainable business models. However, as the results are based on a single case the ability to generalize the findings is limited. Therefore, a suggestion for future research is to study the critical factors of new business models in other corporations and industries. Considering to the collaboration between Bangchak Petroleum PLC and the Agricultural Cooperative, there has been the limitation within their potential and size of the cooperative which probably affected to sales volume. In general, this model can utilize and adopt into the core element of the other petroleum businesses even studies to another business model. It would probably demonstrate adjusting and recognize CSV implementation to the other aspects. Thus, it remarks that the improved performance and optimized data analysis will enable better decisions and provide a competitive edge.

In addition, the empirical part of this study was conducted on the organizational both of business sector and public sector including various local stakeholders; participatory observations; they entail the unique interviews in parallel with accessing to archival records. Therefore, the data can be considered credible. However, there is a risk that the authors might have developed an enhanced sympathy for; and positively reaction to the activities performed by the interviewees.

Nevertheless, as the study is of a descriptive nature a number of subjective evaluations have been minimized. Moreover, the descriptive approach of this study results in a relatively broad view of the business model. The seemingly simple suggestion for future studies is to plunge into a deeper level, explore the role of social entrepreneurs and how trust can be achieved in cross-sector collaborations. Eventually, this case study has analyzed in rather short period, it would also be relevant to study the development of business models on a more longitudinal basis in order to gain a deeper understanding of how the CSV implementation develop and further contribute to both economic and social value.

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