Consideration of Cooperation for Social Value Creation

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Abstract. Social value creation of the company should be linked with its economic value creation. Because it is difficult to realize the social value in one company, it is necessary to cooperate with other business organization. It points to divide the success or failure of the collaboration business is present in the process of building the collaborative relationship. The First is to create a common will in collaboration building relationships. More than two points for a company to be clear, the platform is needed. The reason is to allow equivalent exchange through a common intention. One of them is the equivalent exchange of resources. The second is the formation of a common intention. The platform is also required in the creation of social value in cooperation. Each of the operators should be considered collaboration such as to converge within the business area toward both the realization. In this paper, authors consider the structure of social value creation platform.

Keywords: Social value, Platform, Collaboration, Cooperation

1. INTRODUCTION

Corporate social value creation should not just be considered from the viewpoint of a company's social responsibility, focusing on its relationship with society. There needs to be a harmonious relationship between a company's economic value creation activities and its social value creation activities.

Porter and Kramer (2002) noted the competitive advantage of strategic philanthropy as follows: "Using philanthropy to enhance competitive context aligns social and economic goals and improves a company's long-term business prospects. Addressing context enables a company to not only give money but also leverage its capabilities and relationships in support of charitable causes" (Porter and Kramer, 2002).

They point out that aiming to integrate social issues with business is important to make strategic philanthropy significant to competitiveness (when considering philanthropy as a so-called social contribution activity).

CSV (creating shared value) has evolved from CSR (corporate social responsibility) under the banner of realizing social value, and the primary issue of CSV should realize shared values for the company and for society, so that various societal problems can be overcome with the help of the company's economic strength. Additionally, from the company's side, it becomes possible to expand business opportunities.

The company's activities at the CSV stage are required to solve social issues and simultaneously achieve corporate profit. To do this, there should be awareness of social value in management's supervision of the company's internal system, and the opinions of stakeholders should be reflected. Considering the process of the value cocreation program implemented by the company and presenting a value sharing framework are effective ways of constructing a supervisory policy for the management of the internal system towards the construction of a value chain. In this paper, we examine the value cocreation framework order to clarify these concepts.

2. Review of previous research

Yokoyama (2000), defines the social value as follows.Morimoto (1994) is social value, have been defined caught in various forms, it is to be mixed by the point of view discussed.In addition, even if is used the term social value, for their content, which is in full swing to mention few. Generally, value concept, but a unified opinion is ambiguous has been regarded as not, plays a function to provide a unified point of the other social sciences that variously has been specialized, wide variety It has been the concept of the potential bridge that can fit signed a professional research. Mita (1966) is the general definition of value and "satisfy the desire of the subject, the function of the object." Mizutani (1995), the four-principle system that the management value principle required for the future of the company, to balance the addition of "efficiency" as well as "competitive" principles "humanity", "social" principle from the old I have proposed to go in.

Yokoyama(2000) had analyzed the process of creating both non−economic and economic value by focusing on the stakeholder relationship .

3. Realizing social value

To set the framework, based on the assumption that the CSR of the company is an essential transit stage to achieve the CSV, the ultimate objective is to clarify the process to reach improvement of the internal process of strategic management in CSV from the customer's perspective. To get a CSR perspective that leads to economic business activities, it is necessary to relate the customer's point of view in terms of social value to the

Figure 1: Value co-creation Framework ：Balance Scor Card
(Source: edited authors)

internal process connected with the company's internal business processes, along the dotted line shown in Fig. 1.

By linking the internal business processes with the customer's perspective of CSR, it becomes possible to achieve social and economic value, simultaneously. Under this linkage, the CSR will have a specific significance to affect corporate earnings by using a strategy map expressed in the form of a Balance Scor Card.

4. The general model for co-creation

It is effective for companies in different industrial sectors to cooperate in order to realize social value. For implementing a project based organization on cooperation, it is necessary to consider the following three points.
I. Firstly, it is necessary to clarify the business process es of each organization.
II. Secondly, it is important to identify the points in each organization that needs adjustment.
III. Thirdly, it is essential to indicate at what point in the ongoing project a problem will become apparent.
We have proposed as a general model to make it possible to predict problems that will occur during the course of proje ct implementation regarding these two aspects.

We would like to propose with the P2M concept a general model to make it possible to predict problems that will occur during the course of project implementation regarding these three aspects.

In considering the co-creation process of social value, this framework shows the process that is achieved by means of a cooperative relationship.

A part of the internal process (processes under Scheme, System Service stage) is exchanged.
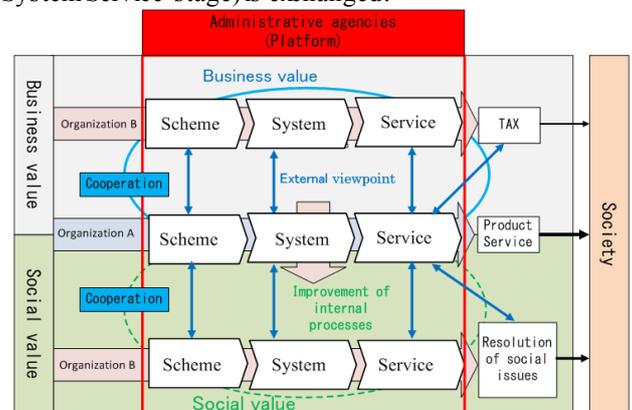

Figure 2: Value co-creation Framework
(Source: edited authors)

➢ By cooperation between the main business organization A and a different organization B.
➢ This exchange should lead to increased efficiency (improvement) of the both organization.
➢ The exchange should be planed between processes in the different stage, such as a service-to-physical exchange between reduced service processes of the organization A and added system

processes (or mechanisms) of the organization B.

➤ The exchanged processes may create new economic values, such as reduced costs and increased efficiency, and social values, such as sustainable production processes and confident products, simultaneously.

In order to take the above mentioned equivalent exchange, the ability to visualize the entire value creation processes is important to create and share the economic and social values between the participating organizations.

5. Case Study of ITOEN's CSV

5.1 Application of the proposed framework

The case is the ITOEN Ltd. of a Japanese company to manufacture the Japanese tea. A way of thinking is emerging that aims to expand and capture the customer concept that was traditionally limited to consumers and suppliers. Japanese tea producer ITOEN is one company that has thought about its boundary stakeholders in this way. ITOEN treated the tea farmers, who are essential to produce its raw materials, as customers and looked for shared value between the company and the farmers. As a result, the company is able to deliver a safe and reliable product to the consumer. In other words, ITOEN's initiative achieves common value for three parties—ITOEN, the tea farmers, and the consumers. The background of this initiative is the CSR approach that reflects customer value in the company's internal process. An integrated relationship has been established between the company's value creation activities and CSR. It can be evaluated that such initiative has been developed from CSR to CSV.
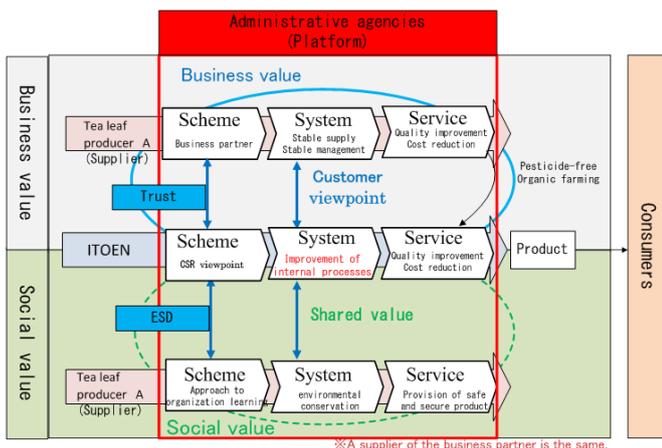

Figure 3: Value co-creation Framework
(Source: edited authors)

ITOEN's "the Tea-Producing Region Development" project has evolved an internal process of implementing the supply of safe and reliable products through a cooperative relationship with tea farmers.

ITOEN's "the Tea-Producing Region Development" project is one example of a new relationship developing between the product manufacturer and the raw material supplier. Fig. 3 shows how ITOEN's project fits in with the general model presented in Fig. 2. In Fig.2, The internal process has been improved through the introduction of the customer viewpoint, and co-creation has been achieved between the tea farmer and ITOEN (the main partner in the project) for their common interests. CSR activities as a corporate strategy are required to be social, economic, and innovative. ITOEN's "the Tea-Producing Region Development" project encompasses all of these.

The success of this project by ITOEN shows promise in solving social issues surrounding Japanese agriculture, such as a decrease in self-sufficiency, unstable management, aging population, and the absence of new farmers. At the same time, this has had the effect of releasing the purchaser ITOEN from the instability of raw material procurement due to the reduction in tea plantations. Furthermore, in environmental terms, the advantage of the increased area of cultivated land produces various effects. This also leads to achieving environmentally sustainable agriculture. As a result of building a cooperative relationship with tea farmers at the system stage, the company is able to provide safe and reliable products to consumers at the service stage.

In this way, ITOEN's initiative has enabled the inclusion of tea farmers in the internal controlling organization, and can be considered an attempt to encompass shared value with the farmers by social value. A new approach is emerging, which aims to expand and capture the customer concepts traditionally limited to consumers and suppliers. ITOEN treated the tea farmers—who are essential to produce its raw materials—as customers, and looked for shared value between the company and the farmers. Reflecting customer value in the company's internal process is an approach that should be considered from a CSR viewpoint. Here an organic relationship has been established between the company's value creation activities and CSR. We can evaluate such initiatives as having developed from CSR to CSV.

In order to take the above mentioned equivalent exchange, the ability to visualize the entire value creation processes is important to create and share the economic and social values between the participating organizations.

5.2. The role of intermediaries in the cooperation process

In the background of the cooperation between ITOEN and the tea farmers, there is the role of the government that made the cooperation possible. Here we will discuss the

collaboration network mediated by the government.

We assume that the network is created when the government functions to realize social value as the platform, and with the two cooperating parties—organization A and organization B—on either side of the network.

In this case, because the local government is involved as an intermediary in the cooperation process, this network can achieve both economic and social value.

The importance of partnership between a company and a local government has been increasing in recent years. Examining it from the company's perspective, a local government involvement is necessary to form a cooperative framework in order to coexist with the local community. It is understood that the local government, which plays a leading role in forming local industrial clusters through business, is highly significant. Thus, the local government occupies a crucial position in the process of creating common value for business and society. In fact, the role that should be played by the local government in the productivity of the value chain emerges in various ways. This is particularly apparent when selecting an appropriate method for creating shared value with society on the assumptions of coexistence with stakeholders, and when planning new responses such as review and improvement of projects.

In ITOEN's "the Tea-Producing Region Development (new local business development based on tea leaf production)" project, Oita Prefecture and ITOEN signed an agreement," and a new legal entity "Agricultural Union Kayano Agriculture" was formed, to realize collaboration with ITOEN.

In this new local business project, a collaboration is being strengthened with: prefectural tea industry research institutions and popularization agencies; companies related to agricultural materials such as fertilizer; universities; and agricultural cooperatives; in some regions unrefined tea production plants have been established. In other words, industrial clusters have formed in the tealeaf-producing regions. For ITOEN, the value of this cooperation is a stable supply of high quality and safe raw material procurement. For the farmers and communities, it has led to a positive cycle of succession planning, new farmers, and a rejuvenation of agriculture; it has produced value in terms of a positive impact on the local economy, such as eliminating abandoned farmland and creating new employment.

This "the Tea-Producing Region Development" project has been awarded the "Food Action Nippon Award: Research and Development/New Technology Sector Award of Excellence" for its leading practice to increase the rate of food self-sufficiency, and the "Nikkei Social Initiative Award: Corporate Sector Award" in recognition of its excellent efforts to solve social issues through business techniques.

6. The methodology for social value creation

Figures 2 and 3 shows the process of different organizations cooperation for social value creation. When we consider about methodology, necessary one is a graded thought.

We thought as follows. First, in the initial phase when a project is transferred from organization A to organization B, the organization A service is not subcontracted from service to service, but rather assigned to the organization B system. Simply handing off the organization A service to the organization B service is nothing more than outsourcing, giving rise to little-added value. Assigning to a system creates value by means of organization B providing services capitalizing on its proprietary expertise.

In the second stage, systems are exchanged to drive forward the services assigned to organization B. This leads to improvements in internal processes thanks to the introduction of external points of view. This in turn results in the construction of a new schema. In the third stage, a value-added service is implemented through the improved system. A schema is constructed in organization A as well which can create social value reflecting the organization B service outcomes. New projects are built, conscious of the social value in the form of feedback from the services. These projects kick off with the goal of simultaneously achieving economic value and social value.
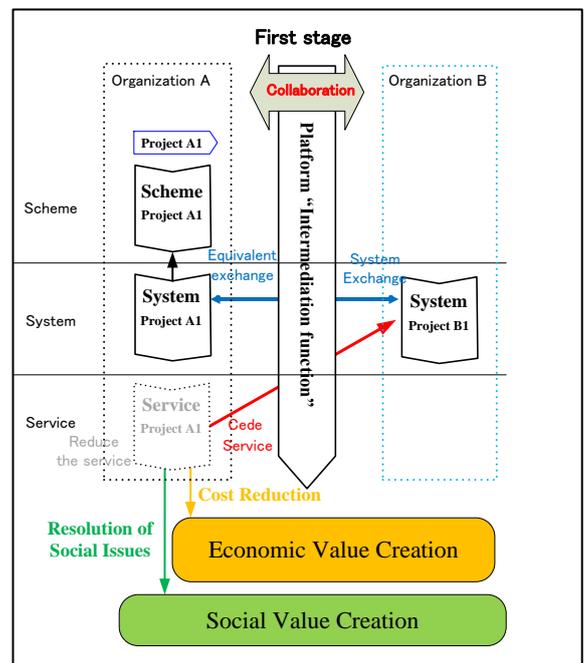

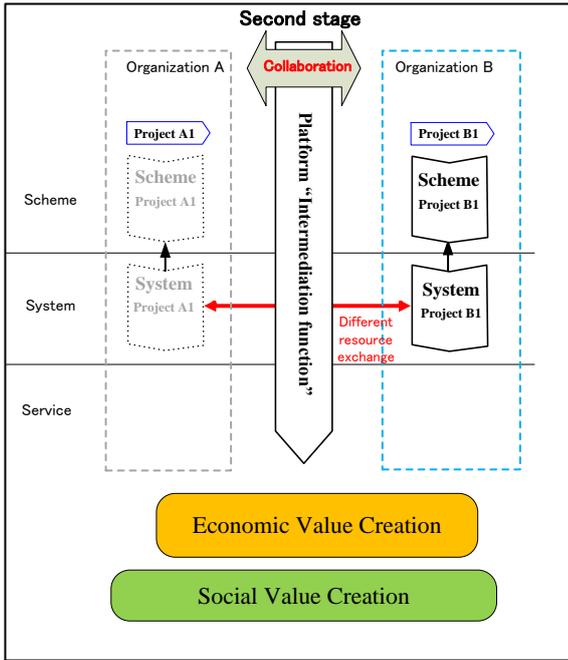Figure 4: Cooperation Framework: First stage
(Source: edited authors)

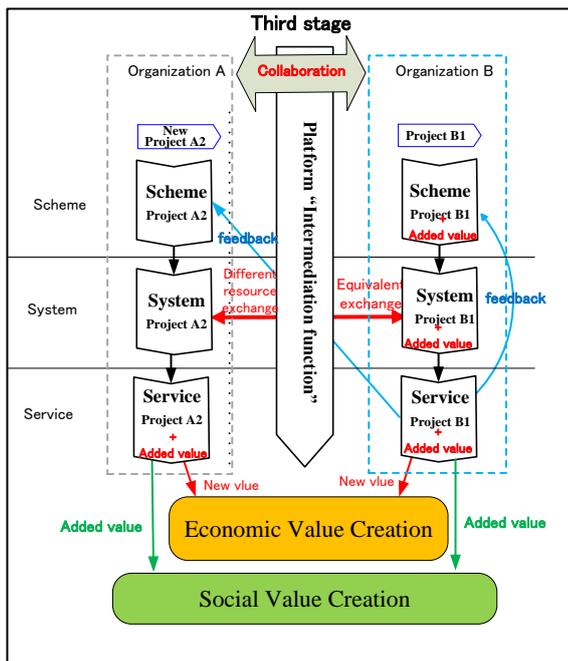Figure 5: Cooperation Framework: Second stage
(Source: edited authors)

Figure 6: Cooperation Framework: Third stage
(Source: edited authors)

This requires the existence of platforms enabling different industrial sectors to collaborate. In an effort to drive different industrial sectors to collaborate, it is useful to have platforms with intermediary functions which allow the sharing of goals. In addition to its intermediary functions, the platforms function as a forum for clarifying the goals of the collaboration. Only business development in the partnership between the companies, but the social low, social is increased by a third party platform features are involved, it is considered to be directed to the social value creation.

Here we have examined the creation of social value by passing services over to the system stage. A schema-based approach is also conceivable, but it is critical to scrutinize whether, once the handover at the system stage occurs, there is a system to implement the service. A review at the system change can make it possible to build a new schema.

In this way, the social value that could not be created by simply subcontracting at the service stage can arise, via the system, in the partner through assignment to the system stage. Organization A sees reduced project burden due to the assignment of the service, and can hope for improvements to its internal processes in systems as well. The handoff of business in the course of the unfolding of some undertaking is an important part of the formation of the project lifecycle. In the context of the actual stage of running the project, a system migration occurs to the extent feasible, for each element of sustainability. The collaborating parties each have a scheme for driving the project forward. In the process of doing so, leveraging the features of different schemes can make the project run more effectively. Here it is useful to do the assignment of available services to systems. The outcome of the system assignment will also function as a driving force when moving to the next stage in the project lifecycle, from schemas to services. However, in CSV, which advocates simultaneously achieving economic value and social value, one must be concerned with the fact that the equivalent exchange of these systems will lead to a qualitative change in the tasks for which external perspectives are driving improvements in internal processes. This is not just a matter of each partner simply being in charge of the area they know best.

7. P2M concept

Here, an overview of the P2M concept utilized in the previous chapter. P2M is the meaning of the programs and projects.

It will be described with reference to Shigenobu, O et al. (2009) opinion.

Since a program is a set of non-stationary and temporary activities oriented to value creation, it is positioned between the as-is state of operation with business value and a to-be state of operation with a new business value-added as shown in Figure 4.

In the P2M concept, every project is categorized as one of the standard 3S project models, namely Scheme

model, System model, and Service model. Each model project has the following characteristics, respectively.
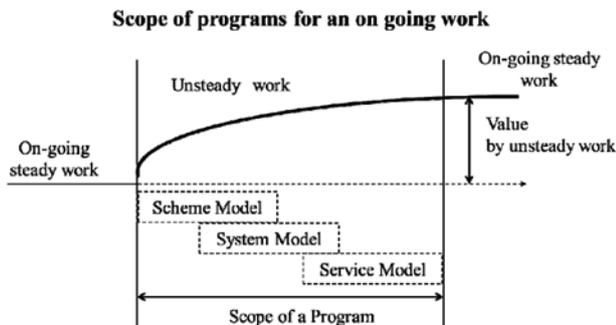

Figure 7: The relation of program and constituent projects（Scheme, System and Service model projects）under P2M concept.
.   (Source: Shigenobu, O., T, Asuda. (2009) *Japanese Project Management: KPM -Innovation, Development and Improvement*)

Scheme Model:
- The scheme model is a conceptual plan, to develop a mission into multiple scenarios described within a scheme report concerning the feasibility of a product.
- Scheme modeling includes drafting the basic conception documents, basic policy paper and basic drawings.
- The intent of the scheme model is to facilitate flexible adaption by changing the assessment of feasibility, internal structuring and external relationships.
- The scheme model explains the basic design for participation in a project and responsibility to stakeholders.

System Model:
- The system model is based on a systems approach.
- The system model encompasses the design of details for embodiment of the project, system planning and verification.
- The system model basically involves optimization by project engineering methods.

Service Model:
- The service model takes the form of a project in which goods are produced and services are provided by using the system developed.
- The service model is recognized as the project period where the risk and returns are inter-related.
- The service model accumulates new resources such as quality, safety, technique, know-how and date.

- The service model is based on the knowledge management that is used for the new business opportunity.

8. Conclusion

It is difficult for an organization to perform social value realization activities on its own, and partnership with other organizations is therefore essential. We have shown that better partnerships can be achieved by providing a framework for co-creation. This framework shows that it is important to multilaterally evaluate the work addressed by each organization, and it leads to improvement of the internal process of one's own organization by cooperation with other organizations.

In addition, these improvements should be reflected in value creation in other organizations. If it is a company, then the improvement is directly linked to revenue, while it will at the same time become a guideline for achieving CSV. To make the relationship between these two organizations, it should be noted that the government functions as a platform to join them. We believe that this will become the basic structure for future collaborations to create social value and economic result. This paper has proposed a framework for exchange services and systems in the process of driving projects. The existential significance of such a framework lies in how it ensures the differences in the exchange of values among the sum total of exchanged value of resources used in corporate activities based on the principle of equivalent exchange, and the created products. The programs thus simultaneously accrue to the benefit of the corporation and create added value (societal value).

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