DOES CREATING SHARED VALUE MAKE A DIFFERENCE? EXPLORING DIFFERENT DETERMINANTS OF FIRM COMPETITIVENESS

Tingting Sun *

* Seoul School of Integrated Sciences and Technologies (aSSIST), Seoul, Republic of Korea
Contact details: Seoul School of Integrated Sciences and Technologies (aSSIST), 46, Ewhayeodae 2-gil, Seodaemun-gu, Seoul, 03767, Republic of Korea

OPEN ACCESS

How to cite this paper: Sun, T. (2023). Does creating shared value make a difference? Exploring different determinants of firm competitiveness. *Corporate Governance and Organizational Behavior Review, 7*(4), 104–118. https://doi.org/10.22495/cgobrv7i4p9

ISSN Online: 2521-1889
ISSN Print: 2521-1870

Received: 12.04.2023
Accepted: 10.10.2023

JEL Classification: M10, M14, L21
DOI: 10.22495/cgobrv7i4p9

Abstract

The concept of creating shared value (CSV) (Porter & Kramer, 2006, 2011) opens a new chapter for corporate social responsibility (CSR) studies, yet the literature is riddled with ambiguity, and lacking empirical evidence. Drawing on signaling (Stiglitz, 2000; Spence, 2002; Connelly et al., 2011) and organizational commitment theories (Meyer & Allen, 1984, 1997), the study defines the CSV approach incorporating intangible and soft dimensions — commitment and compliance, from behavior and motivation perspectives. By applying secondary data methodology, the study operationalizes different CSR approaches by clustering various CSR behaviors of Chinese public companies and extends the study covering emerging economies. The results provide valuable empirical evidence that the CSV approach maximizes the impact of CSR on firm competitiveness, contributing to the theoretical development of the concept. It also contributes to the literature on firm competitiveness by offering an integrated framework consolidating resource-based view (RBV) (Barney, 1991), dynamics capability (Teece et al., 1997; Teece & Pisano, 2003; Teece, 2007, 2012; Mousavi et al., 2018, 2019), and CSV perspectives. By theoretically constructing the RBV perspective including financial and technological capacity while the dynamic capability perspective measured by management team education diversity, the paper also explored their corresponding impacts on firm competitiveness.

Keywords: Management Team Education Diversity, CSV, CSR, Competitiveness, Financial Capacity, Technological Capacity

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

Acknowledgements: The Author acknowledges the overall guidance from Professor Wenyan Yin of the Seoul School of Integrated Sciences and Technologies and advice on methodology from Professor Man-Nok Wong from The Hongkong Polytechnic University.

1. INTRODUCTION

For decades, profits were considered businesses' contribution to society: a profitable business supports society by providing employment, wages, purchases, investments, and taxes. Hence, a business was considered a social benefit by its nature, while social and community issues fell outside of its proper scope (Friedman, 1970, as cited in Porter & Kramer, 2011). The concept of "creating shared value" (CSV) of Porter and Kramer (2011) opens a new chapter for corporate social responsibility (CSR) studies by offering a way to avoid CSR being a sacrifice for firms and proposes that investing in social concerns can strengthen a company's competitiveness because there is a symbiotic relationship between the success of the company and the success of the community. Firm competitions, in this case, go beyond the conventionally conceptualized competition for resources following the resource-based strategy (Barney, 1991), which mainly focuses on firms' ability to accumulate valuable technological assets according to the knowledge base and intellectual property perspective (Prahalad & Hamel, 1990; Teece & Pisano, 2003). Instead, it is beginning to be understood as the organization's ability to differentiate itself from competing companies in terms of its implemented sustainable activities (e.g., CSR activities) and to transition from focusing on profits to attempting to satisfy the needs of both the organization and the community (Engert & Baumgartner, 2016). However, a consolidated framework integrating different perspectives is still missing to understand the determinants of firm competitiveness.

In the meantime, "the literature of CSV is riddled with ambiguity, weak theoretical foundation and contradictions" (Menghwar & Daood, 2021, p. 466). Some criticize the CSV concept for lacking empirical evidence, and being a pure management buzzword (Dembek et al., 2016; Crane et al., 2014); others have extended the framework (de los Reyes et al., 2017; Moon et al., 2011), or started some empirical studies (Yang & Yan, 2020; Alberti & Belfanti, 2019). Nevertheless, the studies were mainly conceptual, and many of the discussions of this concept have been ambiguous and lack factual grounding (Kim et al., 2020). The conceptual clarification is still waiting to be addressed (Menghwar & Daood, 2021; Vishwanathan et al., 2020; Dembek et al., 2016). In addition, the majority of the studies focus on firms in developed economies (Burritt & Schaltegger, 2010; Hunjra et al., 2021), which provides limited insights into the topic in emerging economies. Furthermore, the relationship between CSR and firm performance has always been debatable and lacking consensus (Hunjra et al., 2021) — some studies demonstrated positive impacts (Blasi et al., 2018; Crifo et al., 2016), while others suggested a negative or no correlation (Smith et al., 2007; Crisóstomo et al., 2011).

Given the above-mentioned research gaps, the study contributes to the existing literature on CSR and CSV in three folds. First, drawing on signaling and organizational commitment theories, the study extends the conceptual definition of the CSR and CSV approach covering intangible and soft dimensions — compliance and commitment aspects, and operationalizes different CSR/CSV approaches by clustering various CSR behaviors — whether firms follow Global Reporting Initiative (GRI) Guidelines; adopt Big 4 auditors, and are known to commit CSR violations or receive violation penalties. Second, it enriches the empirical study of CSR and CSV by exploring the separate effects of these different CSR approaches on firm competitiveness and addresses the fundamental question of why firms should be motivated to create shared value and why the relationship between CSR and firm performance is debatable. Third, it also expands the contextual study of CSR by employing secondary panel data on Chinese public companies to focus on emerging economies. The study also contributes to the literature on firm competitiveness by extending the existing framework with a consolidated view including the social dimension and identifying three aspects contributing to firm competitiveness: the resource-based view (RBV), the dynamic capability perspective, and the CSV approach. Specifically, in addition to CSR approaches, the study theoretically constructs the RBV perspective including financial and technological capacity and the dynamic capability perspective measured by management team education diversity, and explores how they influence firm competitiveness.

The findings provide empirical support that the CSV approach motivated by a "want to" attitude, which has high compliance and commitment levels, maximizes firm competitiveness. In terms of determinants for firm competitiveness, it also reveals that in the context of a strongly collective culture, such as China's, management team education diversity, in contrast with financial or technological capacity, negatively impacts the competitive advantages of firms, which challenges some of the views held in the literature (Eisenhardt & Schoonhoven, 1990; Norburn & Birley, 1988; Hambrick et al., 1996; Richard, 2000; Horwitz & Horwitz, 2007).

The rest of this paper proceeds as follows. Section 2 outlines the research framework, reviews the literature, and develops the hypotheses. Section 3 introduces the methodology and defines the variables. Section 4 reveals the analytical results. Section 5 presents the discussion, and Section 6 concludes the paper.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

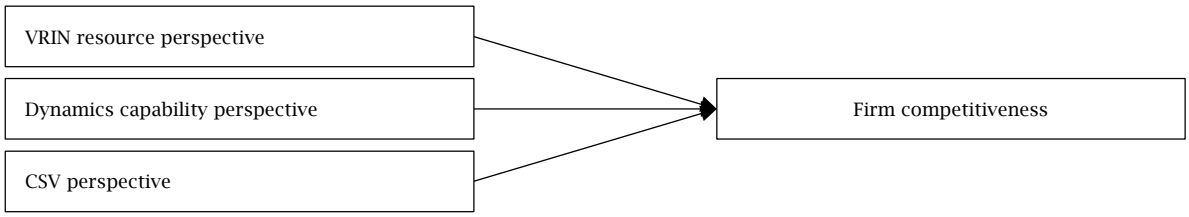
2.1. Research framework

Competitive advantage can be defined as "a capability or resource that gives the firm an advantage over its rivals which ceteris paribus leads to higher relative profitability" (Wiggins & Ruefli, 2002, p. 84). It also refers to the ability to provide products and/or services more effectively and efficiently than one's competitors (Dupire & M'Zali, 2018). Competitiveness is a key concept in today's world, in which economic outcomes are determined by market forces. Research has presented many interesting perspectives and frameworks for competitiveness. One of the most important perspectives is the RBV (Barney, 1991), which perceives firms as a bundle of resources and capabilities. When these resources are immobile and heterogeneous, a firm forms valuable, rare, inimitable, and non-substitutable (VRIN) attributes (Barney, 1991), enabling it to stand out from and outperform its competitors.

However, Helfat and Peteraf (2009) argued that the VRIN resources are inputs into production and hence do not have the capability to create a competitive advantage by themselves. Successful organizations must have the dynamic capability to integrate these resources into operations in a way that yields optimal results. The RBV has also been criticized for not mentioning how a company develops resources and competencies over time, or how current VRIN resources are modified to address the changes in a market (Mousavi et al., 2019). According to this discussion, the determinants of firms' competitiveness include both resource capacity and dynamics capability, and it is essential to consider not only the absolute resources of firms but also their resource utilization efficiency.

The CSV concept offers new insights into corporate social activities with the possibility of turning social issues into business opportunities, where social and economic benefits integrate (Porter & Kramer, 2011). CSR activities that lie at the center of business strategies are able to integrate sustainability criteria into business decision-making to create shared value and transform competition trajectories. CSV gives corporations the opportunity to innovate, address social issues, make profits, and rebuild business trust in the community, which in turn enhances their competitiveness (Porter, 2012). Snircova et al. (2016) also propose that corporate competitiveness achieved by sustainable activities ensures long-term competitive advantage that cannot be easily repeated by other competitors in the market. Incorporating all the perspectives, firm competitiveness should be jointly influenced by how much VRIN resources it has, how these resources are integrated into operation, and how the CSR activities are carried out. As a result, an integrated framework for firm competitiveness is proposed in Figure 1.

Figure 1. Main research framework



2.2. Defining VRIN resources, dynamic capability, and hypotheses

"The notion of competitive advantage requires both the exploitation of existing internal and external firm-specific capabilities and developing new ones" (Teece & Pisano, 2003, p. 195). The RBV conceptualizes competitiveness as the knowledge base and set of skills a corporation needs to perform certain actions (Prahalad & Hamel, 1990). The RBV is a static perspective, such that the more resources a company has, the more competitive it is. Dynamic capability is "the capability to sense and shape opportunities and threats, to seize opportunities, and to maintain competitiveness through enhancing, combining, protecting, and when necessary, recognizing the business enterprise's intangible and tangible assets" (Teece, 2007, p. 1319). It complements the RBV and explains firms' competitive advantage in terms of its responsiveness, its rapidness and flexibility in product innovation, and its management team's effective coordination and redeployment of internal and external competencies (Teece & Pisano, 2003). It strengthens firms' capability by integrating their VRIN resources to create a competitive advantage and achieve optimal results (Helfat & Peteraf, 2009). Specifically, it provides implications that address how a firm should develop its competencies and resources in the future and how current VRIN resources should be modified to adapt to the changing market (Mousavi et al., 2019). Consequently, both of these two perspectives help to explain firm competitiveness.

From the resource perspective, financial capacity is the ability to acquire, manage and control the financial needs of a firm, which promotes sustainable competitive advantage (Fonseka et al., 2013). It is a fundamental resource for firms because it enables them to pursue innovation and strengthen their technological capacity and brand development, and thus strengthen their position in the competitive market (Lu et al., 2020). Technological capacity is another crucial VRIN resource that can distinguish a firm by leading to the development of new breakthrough products and services. By mitigating the challenges and "forces" of competition that corporations face from both traditional competitors and new entrants, technological capacity shapes firm competitiveness (McDonald & Eisenhardt, 2020; Laudon & Laudon, 2019). It enables firms to arm themselves with state-of-the-art technology, which can help them create new strategies and set the stage for long-term growth and market leadership. It also allows firms to leverage these cutting-edge technologies to improve the efficiency and effectiveness of their operations and performance, reduce risks and achieve a competitive advantage.

Dynamic capability contributes to firms' competitive advantage through strategic reorganization of the resources that form the cornerstones of a firm's competitive edge (Mousavi et al., 2019), and the management team is crucial for the entire resource reorganization process. Specifically, managers scan the environment and define new opportunities that need resources (Teece, 2007; Roberts et al., 2016); managers also help to mobilize the resources of the organization, and apply them to the identified opportunities (Teece, 2012); managers then transform all the resources — both tangible and intangible — to form firms' competitive advantage (Mousavi et al., 2018). Diversity is also considered a strategic resource, and its configuration and integration add value to an organization (Roberson et al., 2017). The dynamic capability perspective explains how diversity impacts firm performance, including firms' competitive advantage. Current research divides diversity into two categories:

diversity in knowledge-based deep-level attributes, such as education and functional background, and diversity in surface-level attributes, such as gender and racial differences (Roberson et al., 2017). A large body of research has established that surface-level attributes are less salient than deep-level attributes (Jackson et al., 1995; Harrison et al., 1998) and diversity is relevant to organizational outcomes to the degree that individuals' knowledge skills and abilities are related to organizational performance (Pelled, 1996; Simons et al., 1999). Education, as an important source of knowledge and resources, creates a cognitive framework (Faems & Subramanian, 2013). Hence, the diversity of educational background is a deep-level attribute of diversity. Teams that have more diverse educational qualifications than others will be able to access broader cognitive frames and are more likely to perform better than teams with less diverse educational backgrounds (Hambrick et al., 1996). As a result, from the dynamic capability perspective, management team education diversity helps with identifying opportunities, mobilizing resources, and transforming them to form the cornerstones of a firm's competitive advantage. Thus, integrating all of these perspectives, the first three hypotheses were put forward:

H1: Financial capacity is positively related to firm competitiveness.

H2: Technological capacity is positively related to firm competitiveness.

H3: Management team education diversity is positively related to firm competitiveness.

2.3. Defining CSR/CSV approaches and hypotheses

Porter and Kramer (2011) defined CSV as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (p. 66). De los Reyes et al. (2017) extended Porter and Kramer's (2011) framework by including compliance perspectives and discussed possible ways to promote the legitimacy of a business, which gives the indication that defining CSV involves a compliance dimension and legitimacy (Park, 2020; Kim et al., 2020). Kim et al. (2020) also discovered a strong ethical stance that is determinant for CSV in Asia. As Menghwar and Daood (2021) emphasized, "creating shared value is a complex phenomenon, and an organization takes into consideration external and internal factors in order to adopt a CSV strategy" (p. 480). These external factors include state institutions, which affect the behavior as well as the strategy of the firm, influencing its approach to CSV (Menghwar & Daood, 2021).

Additionally, CSR is considered to be one of the most important activities for building stakeholder relationships (Waddock & Smith, 2000), through which companies can strengthen the relationship with their stakeholders resulting in both social and economic benefits (McDonald & Rundle-Thiele, 2008). Considering the fact that relationship quality is a high-order concept reflecting commitment (Hennig-Thurau et al., 2002; Walter et al., 2003), commitment forms another important dimension for relationship quality and consequently defines the motivation of adopting certain CSR/CSV approaches. Different levels of commitment reflect different motivations for CSR and the willingness to adopt different approaches.

Consequently, compliance and commitment form two intangible and soft dimensions, which jointly define a CSR/CSV approach from the motivation and behavior perspective, yet the question is how to operationalize the approaches from the two dimensions. Signaling theory describes the behavior of two parties in the context of information asymmetry; typically, one party (the sender) chooses, from a motivation perspective, whether and how to communicate (or signal) information to the other party, while the other party (the receiver) describes how to interpret the signal (Connelly et al., 2011) from the behavior perspective. Stiglitz (2000) highlighted two broad types of information for intentionally sent signals: information about intent, which expresses the motivation, and information about quality, which indicates how effectively the motivation of certain behavior is interpreted by the receiver. Parties may also send unintentional signals; that is, they may send certain information without being aware that they are signaling (Spence, 2002). Such unintentional signals may conflict with intentional signals or communicate negative information about the signaler (Connelly et al., 2011). Thus, it is essential for the receiver to closely examine both types of signals to comprehensively evaluate the sender.

From this perspective, CSR behaviors — which include observed CSR policies, processes, and outcomes of a company's CSR activities (Mazereeuw et al., 2014) — shape how firms disclose their CSR activities and follow CSR regulations, and operate as different types of signals sent by firms. These behaviors, which include adopting the GRI guidelines, employing Big 4 auditors, and CSR violations and penalties, are driven by the various immediate and strategic objectives of corporations. Hence, CSR behaviors as a signal come with motivation, a calculated purpose, and a message in mind.

The GRI guideline is a common language for corporations seeking to communicate their CSR activities in a transparent, accountable, and integrated manner to a global audience (Brown et al., 2009). Adopting the guidelines signals that a firm has a higher level of harmonization with CSR reporting at the international level, and reveals its dedication to promoting comparability of CSR worldwide (Fuente et al., 2017). Hence, adopting the GRI guidelines is associated with strong CSR commitments. Firms also signal their CSR commitments by hiring a Big 4 audit firm to conduct a high-quality audit. Big 4 audit firms adopt greater transparency in their reporting than other audit firms (DeAngelo, 1981), and hence contribute to higher audit quality (Kausar et al., 2016) and higher credibility (Knechel et al., 2013). Such action provides assurance to stakeholders of their intention to constrain opportunistic behaviors and reduce agency conflict problems through transparency and commitment to ethical issues. A CSR penalty in response to a violation, as an unintentional signal, clearly signals the effectiveness of CSR enforcement and the compliance level. Both the commitment dimension, focusing on intention, and the compliance dimension, focusing on enforcement, are critical to understanding the motivations for firms' CSR behaviors and examining how these different purposes influence the selection of a certain CSR approach.

Behavior science defines the concept of commitment involving three levels, namely affective, normative, and continuance commitments, and adopts three perspectives, namely the emotional attachment, perceived costs, and moral obligations perspectives (Meyer & Allen, 1984, 1997). The tenets of commitment theory can assist in understanding corporations' selection of different CSR approaches from the motivation perspective, which complements the economic perspective proposed by Menghwar and Daood (2021) — "if opportunity costs (i.e., loss of the CSV strategy's potential returns) are high, and transaction costs (i.e., the cost of organizing the social activity inside the firm) are low, the firm will move to a CSV approach" (p. 467), which implies that as long as the companies do not see the greater opportunity cost, they will not likely to adopt the CSV approach, but other CSR approaches.

Specifically, a CSV approach arises from affective commitments when corporations see real "value" in adopting CSR activities, implying the opportunity cost is higher than the transaction costs. With affective commitments, firms carry out CSR activities because they "want to" (Aubé et al., 2007). Consequently, they choose to adopt strong CSR reporting guidelines, employ Big 4 auditing firms, and avoid violating CSR regulations. In these circumstances, the firms will devote a high level of commitment to making social responsibility an integral part of their business operations and ensuring a high level of compliance. In turn, their commitment will endow these corporations with a unique position — they will do things differently from their competitors and "distance themselves from the pack" by integrating social initiatives in concert with their core strategies (Porter & Kramer, 2006). As a result, the CSV approach makes the social responsibility endogenous to the firm and contributes to firm competitiveness.

However, when transaction costs go too high, firms may resort to opportunistic behaviors and commit violations, which are highly risky and could result in penalties, causing damage to business (Klein et al., 2004; Trudel & Cotte, 2008). Under these circumstances, firms have to establish a "corrective plan" to mitigate the costs to their reputation and reduce the impacts caused by the violations to maintain their legitimacy within society by showing commitments — adopting higher-level reporting guidelines or employing Big 4 auditors — that contribute to the relationship quality with stakeholders. However, they do so because they must, owing to the costs of violation. Hence, such a "continuance commitment" is merely a "window-dressing" CSR approach, which attempts to disguise its opportunistic behavior, and the competitiveness of firms that adopt this approach is unlikely to be perceived in the same manner as that of corporations adopting a CSV approach.

Another category of firms is those who choose CSR activities out of normative commitments, that is, because they feel they ought to, in a purely responsive way as the returns of social activities are not so attractive. Hence, firms will tend to do "just enough", meeting mandatory and minimum discourse requirements. As normative commitments involve strong moral obligations, companies adopting the responsive CSR approach will not be likely to commit CSR violations. Instead, they focus on acting as good corporate citizens and mitigating any existing or anticipated adverse effects from their business activities (Porter & Kramer, 2006). Consequently, it is very unlikely that this approach will have any significant positive impacts on firms' competitive advantage.

Finally, a company that shows no commitment or compliance with CSR activities is one that clearly shows no interest in committing itself to creating social value and would even choose to harm society or violate regulations for its own benefit. Firms in this case are merely adopting a passive CSR approach. In the long run, the competitiveness of such a firm would definitely be harmed. Given the four different approaches to CSR activities and their varying impacts on firm competitiveness, the next set of hypotheses was put forward and the CSR/CSV approaches framework in Figure 2 together with the adjusted main research framework in Figure 3 were proposed.

H4: A CSV approach maximizes firms' competitiveness.

H5: A passive CSR approach is negatively related to firms' competitiveness.

H6: A responsive CSR approach is unlikely to have significant positive effects on firms' competitiveness.

Figure 2. The construction of CSR approaches

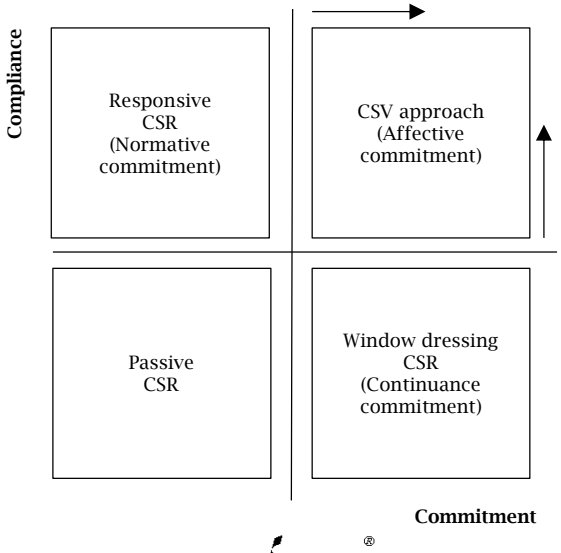
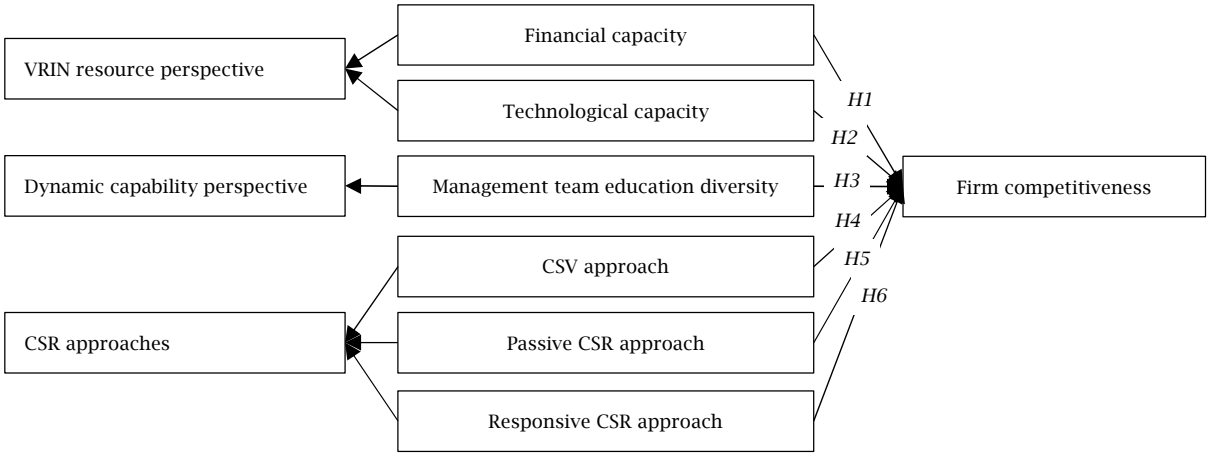


Figure 3. The main research framework updated



3. DATA AND METHODOLOGY

3.1. Variables' definition

Firm competitiveness: Firms seek to maximize their share of production for their core product or service to develop or sustain their leadership in a chosen core competence area (Prahalad & Hamel, 1990). Consequently, market share is generally used as a direct measure of firm competitiveness. In this paper, market share is defined as a firm's operating revenue (expressed in Chinese yuan renminbi [CNY]) divided by the total operating revenue in CNY in the firm's corresponding industry. The market share variable is calculated for each firm in each year.

Financial capacity: Financial capacity is measured from the perspective of resource generation capability and resource utilization efficiency. Return on assets (ROA) and the asset turnover rate are used to define the financial capacity. The ROA (Net profit/Total assets) is a profitability ratio that measures how efficiently a company is generating profits from its total assets, which is indicative of its resource-generation capability. The asset turnover ratio (Operating revenue/Total assets) shows how efficiently a company uses its own resources to generate revenue or sales, which indicates its resource utilization efficiency.

Technological capacity: Patent data is normally used as the indicator of technological capacity (Hall & Harhoff, 2012; Tong et al., 2014). On one hand, patent inventions, as a type of high-tech innovation, promote technological progress, and hence the number of approved (and, therefore, high-quality) patents indicates innovation quality (Tong et al., 2014). On the other hand, the number of total patent inventions refers to the quantity aspect of a firm's technological resources. In this paper, technological capacity is measured from both a quantity and a quality perspective of Chinese public companies, and joint developments and developments by subsidiaries are excluded from the analysis.

Management education diversity: Usually, the diversity of the team's educational background is defined by the different subjects in which they majored during their studies (Dahlin et al., 2005; Faems & Subramanian, 2013; Hutzschenreuter & Horstkotte, 2013). Education diversity involves another dimension, namely the education level, as measured by the level of educational qualifications, or the degree obtained by the team members. Diversity of educational backgrounds is strongly associated with a variety of knowledge, as well as creative thinking and innovation (Dahlin et al., 2005), which particularly shapes management's "professional knowledge, skills and abilities" (Hutzschenreuter & Horstkotte, 2013, p. 709). Differences in education levels, on the other hand, provide intellectual support and optimized processing from the information elaboration perspective, contributing to team creativity and firm competitiveness, as they indicate the variety and non-redundancy of cognitive resources (Shin & Zhou, 2007). Both dimensions are included in this study, as the diversity of the subjects reveals the breadth of education, while the diversity of education levels indicates different modes and depths of cognitive thinking.

To operationalize the construct, a one-digit code is used to indicate each individual's educational field (m), selecting one of the following nine values for each individual: $m = 1$ (language, literature, media, and communication), $m = 2$ (teaching and pedagogy), $m = 3$ (social science, comprising business, law, accounting, economics and administration), $m = 4$ (natural science, including mathematics, chemistry, physics, and psychology), $m = 5$ (industrial science, including automation, textile, processing, computer science, technology and manufacturing), $m = 6$ (forestry, agriculture, and animal care), $m = 7$ (medical science, comprising health, medicine and medical care), $m = 8$ (law and politics) and $m = 9$ (others). In addition, another one-digit code is assigned for education level (k) that takes one of the following six values: $k = 1$ (specialized secondary education and below), $k = 2$ (short-cycle higher education), $k = 3$ (bachelor's degree), $k = 4$ (master's degree), $k = 5$ (doctorate) and $k = 6$ (others degree, such as honorary doctorate and correspondence degree). The study then adopts the Blau index to calculate both educational diversities scores (field and level of education) and formulates the following measures for the management team in firm i in year t:

$$Education\_diversityB_{i,t} = 1 - \sum_{m=1}^{J} Education\_diversity_{i,t,m}^{2} \quad (1)$$

$$Education\_level\_diversityB_{i,t} = 1 - \sum_{k=1}^{K} Education\_level\_diversity_{i,t,k}^{2} \quad (2)$$

Control variables: A number of control variables — firm size (*LSIZE*), firm age (*AGE*), ownership type (*OWN*), and industrial type (*INDUS*) are also included in the model, as they are significant for firm competitiveness considering the Chinese context of the study.

First, RBV literature emphasized the role of value-adding competencies for competitive advantage (Newbert, 2007). From this perspective, firm size and firm age are relevant characteristics that define firms' access to resources, hence contributing to firm competitiveness (Man et al., 2002; D'Amato & Falivena, 2020). Second, considering the uniqueness of the Chinese context of the study, ownership type, and industry type are also controlled due to the fact that state-owned enterprises — include most of the heavily polluted industries covering strategically important sectors such as petroleum processing, natural resources, national defense, coal and power etc. (Musacchio & Lazzarini, 2014) — are endowed with government resources that bring benefits to business operations in the form of policy-making and resource allocation (Xu et al., 2014; Musacchio & Lazzarini, 2014), which shapes firm competitiveness.

Firm size (*LSIZE*) is measured by the number of total employees. Firm age (*AGE*) is measured as the number of years since the firm was established. Ownership type (*OWN*) is measured by a dummy variable that equals 1 if the largest controlling shareholder is the government or a government equivalent, and 0 otherwise. Industry type (*INDUS*) is also measured by a dummy variable that equals 1 if the firm belongs to a heavily polluting industry, and 0 otherwise. Heavily polluting industries are categorized based on the Guidelines for Classification of Listed Companies (China Securities Regulatory Commission, 2012) and include those with industrial codings of *B06, B07, B08, B09, B10, C15, C17, C18, C19, C22, C25, C26, C27, C28, C29, C30, C31, C32,* and *D44*.

3.2. Data

Two data sources are included in the study: 1) the Chinese Research Data Services (CNRDS) platform for general company information, financial indices, management education levels and backgrounds, and CSR disclosure and violation details; 2) the China Stock Market and Accounting Research (CSMAR) database (http://www.gtarsc.com) for approved and applied patent quantities. The database includes all listed industrial firms (Industrial code A:0005), with firm status shown as normal (Status code: A) for 2011–2020 (inclusive); 2011 was selected as the start date as this is when data on firms' CSR initiatives become available. The finance, utilities, properties, conglomerates, and commerce industries are excluded, as are companies that are delisted or suspended from listing/trading. To focus the study on Chinese companies, foreign-listed Chinese companies and Chinese mainland companies listed in the Hong Kong market are excluded. Following the above criteria, the initial sample consists of 20,004 firm-year observations, excluding firms with missing data.

3.3. Methodology and baseline model specification

To explore how different CSR approaches predict firm competitiveness differently, a five-step analytical process is followed.

Step 1: Apply principal factor analysis and k-means cluster analysis via SPSS to cluster the CSR approaches.

Step 2: Construct independent variables through principal factor analysis again.

Step 3: Use a fixed effects linear regression (FEM), which is considered the "gold standard" for modeling clustered data (Schurer & Yong, 2012), to test the overall modeling effect and the hypotheses via Statistical Package for the Social Sciences (SPSS). A hierarchical regression to test the main effect is employed. Four CSR approaches are first included in Model 1, then independent variables are added in Model 2, and control variables are added in Model 3.

Step 4: Conduct robustness tests by replacing firm size (*LSIZE*) with total asset and total revenue in Models 4 and 5, respectively.

Based on the hypotheses, the following equation as the baseline model for the regression incorporating all the important variables discussed above was estimated:

$$\begin{aligned} Market\ share_{\ it} = {} & b_0 + b_1 LSIZE_{it} + b_2\ OWN\_Dummy_{it} + b_3\ INDUS\_Dummy_{\ it} + \\ & b_4\ Age_{\ it} + b_5 Technological\_capacity_{it} + b_6\ Management\_team\_education\_diversity_{it} + \\ & b_7 Financial\_capacity_{it} + b_8\ CSR\_Approach\_Dummy_{it} + b_9 Year\_effect\_Dummy_{it} + \varepsilon_{\ it} \end{aligned} \quad (3)$$

4. RESULTS

4.1. K-means cluster for CSR approaches and results

With the initial cleaned data frame including 20,004 observations, two dummy variables are constructed: First, the *compliance1_Dummy* indicates the violation status; for firms with (without) violations, the dummy variable equals 0 (1). Second, the *compliance2_Dummy* indicates the penalty status, such that for firms with (without) a penalty it equals 0 (1). The two dummy variables jointly reflect the compliance level of the company, with a higher (lower) score indicating higher (lower) compliance.

Next, dummy variables: *Dis_GRI,* which reflects whether a company adopts GRI regulations (where "Yes" = 1 and "No" = 0), and *Big 4,* which indicates whether the firm employs Big 4 auditors (where "Yes" = 1 and "No" = 0), are further created. Then, through principal factor analysis in SPSS, the main components of the four variables are explored and the clustering criterion is examined. The results

indicate that two main components are extracted with initial eigenvalues of 1.184, accumulatively explaining 62.9% of the information. The Kaiser–Meyer–Olkin (KMO) sampling adequacy test is above 0.50 (KMO = 0.509) and Bartlett's test is $X^2 = 2853.802$ ($p < 0.001$), indicating the factorability of the information. The two extracted components are rotated via the varimax model and, as expected, the rotated component matrix (Table 1) reflects the compliance dimension (highly relevant to penalties and violations) and the commitment dimension (highly related to the adoption of the GRI guidelines and employment of Big 4 auditors). Thus, further *k*-means clustering analysis is justified.

Table 1. Rotated component matrix

Variables	*Commitment*	*Compliance*
Dis_GRI	0.788	0.010
Big4	0.785	0.037
Compliance1_Dummy	0.082	0.791
Compliance2_Dummy	-0.035	0.803

Note: Extraction method: Principal component analysis. Rotation method: Varimax with Kaiser normalization. Rotation converged in 3 iterations.

The 20,004 firm–year cases are successfully clustered into four different CSR approaches, namely passive CSR cases (552), with low commitment and low compliance levels, responsive CSR cases (19,052), with high compliance but low commitment levels, CSV cases (269), with high commitment and high compliance levels, and window-dressing CSR cases (131), with evidence of both CSR commitments and CSR violations as shown in Table 2. Thus, the majority (95%) of the firms in the sample of 20,004 firm-year observations adopt responsive CSR approaches, with a pure compliance focus and emphasis on good citizenship behavior.

Table 2. Final cluster centers

Variables	*Passive CSR*	*Responsive CSR*	*CSV*	*Window-dressing CSR*
Big4	0	0	1	0
Dis_GRI	0	0	1	1
Compliance1_Dummy	0	1	1	0
Compliance2_Dummy	0	1	1	1
Number of cases	552	19052	269	131

4.2. Dimension reduction and factor extraction

The functional principal component analysis is an important dimension reduction technique to interpret the main modes of functional data variation in terms of a small set of uncorrelated variables (Deville, 1974). When the principal components cannot be simply interpreted, rotation is one of the main solutions to improve the interpretation. Hence, principal factor analysis using the six major variables *ROA*, *AT*, *Patents received*, *Patents applied*, *Education diversity,* and *Education level diversity* is conducted. The results indicate that three components are extracted with total eigenvalues of 1.044, accumulatively explaining 73.5% of the information. The KMO for sampling adequacy is greater than 0.50 (KMO = 0.502) and it is supported by the significant Bartlett's test result ($X^2 = 42{,}115.986$; $p < 0.001$), indicating suitability for factor analysis and dimension reduction. Table 3 shows the results of the rotated component matrix, which reveal the three theoretically constructed aspects: technological capacity as component 1, dynamics capacity as component 2, and financial capacity as component 3. Accordingly, three variables *Financial capacity*, *Technological capacity,* and *Management team education diversity* are generated for the base model regression.

Table 3. Rotated component matrix

Variables	*Technological capacity*	*Dynamics capacity*	*Financial capacity*
Patent applied	0.99	-0.01	0.018
Patent received	0.99	-0.009	0.02
Education level diversity	0.012	0.836	0.006
Education diversity	-0.028	0.835	-0.028
ROA	-0.028	0.036	0.748
AT	0.054	-0.053	0.698

Note: Extraction method: Principal component analysis. Rotation method: Varimax with Kaiser normalization. Rotation converged in 4 iterations.

4.3. Fixed effects linear regression

Before running the regression, the data frame is further explored by removing invalid values for calculated variables, leaving 15,219 final observations for the correlation study and regression modeling. Companies without any approved patents in the year are given a value of 0. The study takes the base-10 logarithm transformation of the dependent variable *Market share* and defined as *Lgmarket share* to ensure a near-normal distribution for the linear regression.

Table 4. Descriptive statistics and Spearman's correlation

	N	Mean	Std. Dev.	lgMarket_ Share	Approa_ Passive	Approa_ Responsive	Approa_CSV	Approa_ WinDressing	AT	Education_ Diversity	Education_ Level_ Diversity	ROA	Patent_ Received	Patent_Applied	INDUS	Age	LSIZE	OWN	Management_ Team_ Education_ Diversity	Technological_ Capacity	Financial_ Capacity
lgMarket_ Share	15219	-2.485	0.735	1																	
Approa_ Passive	15219	0.027	0.161	0.012	1																
Approa_ Responsive	15219	0.952	0.213	-0.134***	-0.737***	1															
Approa_CSV	15219	0.015	0.119	0.181***	-0.020*	-0.541***	1														
Approa_ WinDressing	15219	0.007	0.082	0.062***	-0.014	-0.369***	-0.01	1													
AT	15219	0.610	0.400	0.383***	-0.047***	0.016	0.035***	0.002	1												
Education_ Diversity	15219	0.875	0.191	-0.053***	-0.015	0.078***	-0.107***	-0.017*	0.005	1											
Education_ Level_Diversity	15219	0.629	0.156	-0.042***	0.019*	-0.007	-0.012	-0.001	0.023**	-0.046***	1										
ROA	15219	0.038	0.405	0.016*	-0.096***	0.085***	-0.011	-0.018*	0.238***	0.038***	0.086***	1									
Patent_ Received	15219	25.710	147.066	0.039***	-0.050***	-0.008	0.063***	0.028***	0.056***	-0.011	0.055***	0.074***	1								
Patent_Applied	15219	35.720	225.477	0.042***	-0.055***	-0.004	0.057***	0.034***	0.075***	-0.004	0.054***	0.103***	0.835***	1							
INDUS	15219	0.390	0.488	0.200***	0.040***	-0.030***	-0.004	0.004	0.084***	0.009	0.017*	0.019*	-0.237***	-0.206***	1						
Age	15219	16.950	5.808	0.079***	0.026***	-0.037***	0.013	0.026**	0.036***	-0.061***	-0.094***	-0.124***	-0.115***	-0.105***	0.089***	1					
LSIZE	15219	5241.990	19637.708	0.653***	0.001	-0.131***	0.188***	0.066***	0.352***	-0.073***	-0.060***	-0.060***	0.175***	0.172***	0.055***	0.149***	1				
OWN	15219	0.240	0.430	0.288***	-0.014	-0.080***	0.131***	0.046***	0.068***	-0.046***	-0.213***	-0.185***	-0.065***	-0.052***	0.120***	0.230***	0.328***	1			
Management_ Team_ Education_ Diversity	15219	0.000	1.000	-0.075***	0.008	0.052***	-0.098***	-0.007	-0.014	0.530***	0.733***	0.085***	0.045***	0.050***	0.022**	-0.110***	-0.091***	-0.189***	1		
Technological_ Capacity	15219	0.000	1.000	0.087***	-0.034***	-0.025**	0.065***	0.038***	0.176***	-0.050***	0.274***	0.037***	0.884***	0.872***	-0.221***	-0.097***	0.205***	-0.068***	0.181***	1	
Financial_ Capacity	15219	0.003	0.927	0.364***	-0.063***	0.034***	0.028***	-0.005	0.971***	-0.003	0.063***	0.397***	0.058***	0.082***	0.089***	0.009	0.314***	0.037***	0.015	0.164***	1

*Note: * p < 0.05, ** p < 0.01, *** p < 0.001.*

Table 4 presents Spearman's correlations and detailed descriptive statistics, including the means and standard deviations. The results clearly demonstrate that the responsive CSR approach is negatively related to market share, whereas the CSV and window-dressing CSR approaches show a positive impact, with the former being much greater than the latter as the coefficient is larger. The passive CSR approach does not show any significance for market share, indicating that implementing CSR activities in a passive way with low commitment and low compliance does not contribute to firm competitiveness. Hence, *H4, H5,* and *H6* are supported. In addition, both technological capacity and financial capacity are found to be positively related to market share, which supports *H1* and *H2*. Management team education diversity is significant for market share, but with a negative correlation, which conflicts with *H3*. The regression results of Models 1, 2, and 3 in Table 5 further support the findings discussed above and the robustness of *H1, H2, H4, H5,* and *H6*. Values of variance inflation factor (VIF), which is used to evaluate the formative collinearity, are all close to or lower than 3, indicating good modelling and low correlation among variables. Overall, the results confirm that the CSV approach makes a significant difference in shaping firms' competitive advantage.

Table 5. Regression results

Variables	*Model 1*			*Model 2*			*Model 3*		
	Unstd. coeff.	*Std. coeff.*	*VIF*	*Unstd. coeff.*	*Std. coeff.*	*VIF*	*Unstd. coeff.*	*Std. coeff.*	*VIF*
(Constant)	-2.458***			-2.323***			-2.634***		
Approa_Responsive	-0.054	-0.016	1.763	-0.077*	-0.022	1.770	-0.045	-0.013	1.776
Approa_CSV	1.403***	0.228	1.524	1.208***	0.196	1.580	0.608***	0.099	1.765
Approa_WinDressing	0.516***	0.058	1.247	0.403***	0.045	1.253	0.284***	0.032	1.256
Technological capacity				0.073***	0.099	1.052	0.019***	0.026	1.221
Management team education diversity				-0.041***	-0.055	1.003	-0.02***	-0.027	1.023
Financial capacity				0.197***	0.248	1.009	0.169***	0.213	1.022
Time 2012				0.000	0.000	1.913	-0.006	-0.002	1.916
Time 2013				0.007	0.002	1.911	-0.011	-0.004	1.922
Time 2014				-0.006	-0.002	1.969	-0.021	-0.007	1.994
Time 2015				-0.021	-0.008	2.125	-0.038	-0.015	2.174
Time 2016				-0.063*	-0.026	2.259	-0.074**	-0.03	2.340
Time 2017				-0.136***	-0.061	2.476	-0.138***	-0.061	2.601
Time 2018				-0.159***	-0.071	2.490	-0.164***	-0.073	2.663
Time 2019				-0.194***	-0.089	2.586	-0.194***	-0.089	2.815
Time 2020				-0.268***	-0.131	2.793	-0.262***	-0.128	3.094
OWN							0.303***	0.177	1.158
Age							0.005***	0.041	1.289
INDUS							0.230***	0.152	1.035
LSIZE							0.000***	0.226	1.450
R^2	0.245***			0.393***			0.512***		
Adjusted R^2	0.060***			0.153***			0.261***		

*Note: * p < 0.05; ** p < 0.01; *** p < 0.001, marginal significance at 0.1 indicated in bracket.*

4.4. Robustness check

Models 4 and 5 in Table 6 below show that the results are quite robust to changes in control variables. When *LSIZE* is replaced with total asset or total revenue, the results continue to support those of Models 1, 2, and 3, and all of the coefficients are very close to each other. The adjusted R^2 value is 0.240 ($p < 0.001$) in Model 4 and 0.233 ($p < 0.001$) in Model 5, compared with 0.261 ($p < 0.001$) in Model 3, indicating a good robustness of the study. VIF values are also close to or lower than 3 in Models 4 and 5, showing no major concern over multicollinearity.

Table 6. Robustness test replacing *LSIZE* with total asset and total revenue (Part 1)

Variables	*Model 4*			*Model 5*		
	Unstd. coeff.	*Std. coeff.*	*VIF*	*Unstd. coeff.*	*Std. coeff.*	*VIF*
(Constant)	-2.601***			-2.598***		
Approa_Responsive	-0.05	-0.014	1.776	-0.051	-0.015	1.776
Approa_CSV	0.785***	0.128	1.759	0.936***	0.152	1.676
Approa_WinDressing	0.323***	0.036	1.256	0.332***	0.037	1.256
Technological capacity	0.044***	0.06	1.177	0.059***	0.08	1.124
Management team education diversity	-0.022***	-0.029	1.024	-0.021***	-0.029	1.024
Financial capacity	0.18***	0.227	1.015	0.177***	0.223	1.02
Time 2012	-0.005	-0.002	1.916	-0.004	-0.002	1.916
Time 2013	-0.008	-0.003	1.922	-0.007	-0.002	1.922
Time 2014	-0.018	-0.007	1.994	-0.016	-0.006	1.994
Time 2015	-0.035	-0.014	2.174	-0.032	-0.012	2.174
Time 2016	-0.072**	-0.029	2.34	-0.068**	-0.028	2.34
Time 2017	-0.139***	-0.062	2.602	-0.134***	-0.06	2.601
Time 2018	-0.165***	-0.074	2.664	-0.161***	-0.072	2.663
Time 2019	-0.197***	-0.091	2.815	-0.193***	-0.089	2.815
Time 2020	-0.267***	-0.13	3.094	-0.262***	-0.128	3.094

Table 6. Robustness test replacing *LSIZE* with total asset and total revenue (Part 2)

Variables	*Model 4*			*Model 5*		
	Unstd. coeff.	*Std. coeff.*	*VIF*	*Unstd. coeff.*	*Std. coeff.*	*VIF*
OWN	0.321***	0.188	1.154	0.334***	0.195	1.147
Age	0.005***	0.039	1.289	0.005***	0.038	1.289
INDUS	0.219***	0.146	1.034	0.222***	0.148	1.034
Total asset	0.000***	0.139	1.366			
Total revenue				0.000***	0.09	1.189
R^2	0.491***			0.483***		
Adjusted R^2	0.240***			0.233***		

*Note: * p < 0.05; ** p < 0.01; *** p < 0.001, marginal significance at 0.1 indicated in bracket.*

5. DISCUSSIONS AND IMPLICATIONS

The findings reported here support five out of the six hypotheses raised in the study. Theoretically, it contributes to the literature on CSR/CSV and firm competitiveness in several ways and extends the study to cover emerging economies. First, drawing on signaling theory and commitment theory, it provides a motivation and behavior perspective to define the CSR/CSV approaches from intangible and soft dimensions — compliance and commitment aspects. Second, by clustering the CSR behaviors, the study also successfully operationalizes different CSR/CSV approaches for empirical studies to explore how different CSR/CSV approaches impact firm competitiveness. The result that the CSV approach maximizes firm competitiveness provides important empirical support for Porter and Kramer's (2006) theoretical proposition that a company will "make the most significant social impact and reap the greatest business benefits" through strategic CSR (p. 7), while the responsive CSR (Porter & Kramer, 2006) will not bring as much benefits as the strategic CSR/CSV approach. Third, the study also contributes to the literature on firm competitiveness by establishing an integrated framework incorporating different perspectives including CSR/CSV, RBV, and dynamics capability, and theoretically constructing the RBV perspective including financial and technological capacity while the dynamic capability perspective is measured by management team education diversity.

The positive correlation between financial capacity (Fonseka et al., 2013; Lu et al., 2020), technological capacity (McDonald & Eisenhardt, 2020; Laudon & Laudon, 2019), firm size (Man et al., 2002), firm age (D'Amato & Falivena, 2020), state ownership (Xu et al., 2014; Musacchio & Lazzarini, 2014), and heavily polluted industry (Musacchio & Lazzarini, 2014) further supports the RBV perspective, which proposes a positive impact of resources and capabilities on business competitiveness and subsequent performance (Prahalad & Hamel, 1990; Barney, 1991; Newbert, 2007). The negative correlation between management team education diversity and firm competitiveness challenges some of the literature (Eisenhardt & Schoonhoven, 1990; Norburn & Birley, 1988; Hambrick et al., 1996; Richard, 2000; Horwitz & Horwitz, 2007), but is consistent with the cultural context of the study, indicating a possible moderating role of the environmental context. China is a nation embedded in Confucianism and characterized by high conformity; the Chinese national psyche focuses on "reconciliation, harmony and balance" (Redding, 1990, p. 76) rather than diversity. As scholars have established, the lower diversity combined with the higher cohesiveness in Chinese organizations promotes interpersonal trust (Farh et al., 1998) or "guangxi", facilitates job mobility (Bian, 1997), affects investment decisions (Batjargal, 2007a) and enhances firm performance (Batjargal, 2003, 2007b). In these circumstances, high diversity would reduce harmony and unity and potentially create unproductive conflicts owing to different cognitive understandings, which in turn would affect organizational efficiency and cohesiveness, resulting in negative impacts on firm competitiveness.

Practically, the vast majority of listed firms in China are still adopting a responsive CSR approach, lacking commitments. The study also gives several important implications to guide firms to shift to a CSV approach to maximize both corporate and social benefits and, at the same time, to implement "both good business strategy and business ethics" (Moon et al., 2011, p. 54). First, considering the compliance dimension of the CSR/CSV approaches, one of the possible solutions for firms to adopt the CSV approach is through the union of a "normal taking framework that helps a manager identify legitimate non-legal norms to follow and a norm-making framework that picks up the slack when the set of available legal and non-legal norms is evidently not up to the task" (de los Reyes et al., 2017, p. 143). On the one hand, utilizing and developing norms — both legal and ethical — through multi-stakeholder perspectives on both firm and industrial levels to give a roadmap for legitimate business with certain social issues addressed will help with the implementation of the CSV framework (de los Reyes et al., 2017). In countries, such as China, where legal norms are comparatively weak, leveraging ethical norms would be essential. On the other hand, from the economic perspective (Menghwar & Daood, 2021), the implementation of CSR policies involves many changes and transformations that generate costs (Acquier et al., 2017), hence, lowering certain transaction costs by removing barriers in the value chain activities while increasing violation costs through strengthened legal/non-legal norms would help firms to resort to responsible business and adopt CSV approach with a "win-win" focus. Secondly, looking at the commitment dimension of the CSR/CSV approach, in order to drive high organizational commitment to CSR activities, an employee-oriented approach is essential as employees' perception of CSR is found to be positively related to organizational commitments (Kim et al., 2016; Pfajfar et al., 2022). Consequently, it is crucial for firms to create a diverse and inclusive environment, that allows employees to use their full set of skills and talents (Roberson, 2006), and empowers employees to make decisions, speak up, and be recognized and respected for individual contributions to boost employee commitments (Daya, 2014), through which

the organizational commitments could be enhanced to adopt the CSV approach. In addition, considering the negative correlation between management team education diversity and firm competitiveness, keeping appropriate levels of management team heterogeneity and ensuring effective coordination and proper communication for corporations in China would be important to ensure firm performance.

6. CONCLUSION

Despite the contributions of this paper, some limitations must be acknowledged. The study applied second-hand data from Chinese public firms, future studies to utilize data in other countries would strengthen the argument for the generalizability of the study and allow cross-country level comparisons. Second, as CSR reporting and disclosure officially started in 2011 in China, data were not available to explore the macro-economic impacts of the 2009 economic crisis, it would be essential for future studies in other countries to bring in this perspective. Third, the constructs of the dynamic capability perspective in the study were operationalized using the management team education diversity, which is a narrow view of the dynamic capability measure. Future research could expand the conceptualization and measurement of the dynamic capability to include other factors and explore its conditions via survey methodology or case studies. In addition, the study extends the conceptual definition of the CSR/CSV approach from motivation and behavior perspectives and successfully operationalizes different CSR/CSV approaches to empirically examine their impacts on firms' competitiveness. Future empirical research to explore the mechanism and framework of the CSV approach is needed to enrich the theoretical development of CSV. Last but not least, a fixed effects model is applied to focus on cluster-level study. In the future, a study using a dynamic model to explore the longitudinal impacts at the firm level is essential.

The concept of CSV gained immersed popularity since it was raised, but it is also criticized for being an ambiguous concept and lacking empirical evidence. The study provides conceptual clarification of CSV from behavior and motivation perspectives and offers empirical evidence that the CSV approach maximizes its impact on firm competitiveness, contributing to the theoretical development of the concept. Incorporating the CSV/CSR dimension, the study also extends research on firm competitiveness by providing a consolidated framework and integrated view. "To win one hundred victories in one hundred battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill" (Sun Tzu, 1963, p. 77). As Sun Tzu remarked in "The Art of War", the best way to win a market competition is not to indulge in overheated competition, thus driving the firm to seek lower costs and constantly squeezing bottom lines, but to explore the unchartered territory through innovation and creativity, not only in terms of technological dimension but also from a strategic perspective incorporating a social dimension. "Creating shared value" is neither a revolutionary idea nor a mere buzzword, but a strategy, an approach, and a process through which firms turn social issues into business opportunities (Menghwar & Daood, 2021), and stand out from the competition with enhanced trust, strengthened customer loyalty, reinforced accountability and increased market share.

REFERENCES

1. Acquier, A., Valiorgue, B., & Daudigeos, T. (2017). Sharing the shared value: A transaction cost perspective on strategic CSR policies in global value chains. *Journal of Business Ethics, 144,* 139–152. https://doi.org/10.1007/s10551-015-2820-0
2. Alberti, F. G., & Belfanti, F. (2019). Creating shared value and clusters: The case of an Italian cluster initiative in food waste prevention. *Competitiveness Review, 29*(1), 39–60. https://doi.org/10.1108/CR-01-2017-0008
3. Aubé, C., Rousseau, V., & Morin, E. M. (2007). Perceived organizational support and organizational commitment: The moderating effect of *locus* of control and work autonomy. *Journal of Managerial Psychology, 22*(5), 479–495. https://doi.org/10.1108/02683940710757209
4. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99–120. https://doi.org/10.1177/014920639101700108
5. Batjargal, B. (2003). Internet entrepreneurship in an emerging market: Networks and performance of internet startups. *Academy of Management Proceedings, 2003*(1), H1–H6. https://doi.org/10.5465/ambpp.2003.13793242
6. Batjargal, B. (2007a). Network triads: Transitivity, referral and venture capital decisions in China and Russia. *Journal of International Business Studies, 38,* 998–1012. https://doi.org/10.1057/palgrave.jibs.8400302
7. Batjargal, B. (2007b). Internet entrepreneurship: Social capital, human capital, and performance of Internet ventures in China. *Research Policy, 36*(5), 605–618. https://doi.org/10.1016/j.respol.2006.09.029
8. Bian, Y. (1997). Bringing strong ties back in: Indirect ties, network bridges, and job searches in China. *American Sociological Review, 62*(3), 366–385. https://doi.org/10.2307/2657311
9. Blasi, S., Caporin, M., & Fontini, F. (2018). A multidimensional analysis of the relationship between corporate social responsibility and firms' economic performance. *Ecological Economics, 147,* 218–229. https://doi.org/10.1016/j.ecolecon.2018.01.014
10. Brown, H. S., de Jong, M., & Levy, D. L. (2009). Building institutions based on information disclosure: Lessons from GRI's sustainability reporting. *Journal of Cleaner Production, 17*(6), 571–580. https://doi.org/10.1016/j.jclepro.2008.12.009
11. Burritt, R. L., & Schaltegger, S. (2010). Sustainability accounting and reporting: Fad or trend? *Accounting, Auditing & Accountability Journal, 23*(7), 829–846. https://doi.org/10.1108/09513571011080144
12. China Securities Regulatory Commission. (2012). *Guidelines for classification of listed companies.* http://www.csrc.gov.cn/csrc/c101864/c1024632/content.shtml
13. Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management, 37*(1), 39–67. https://doi.org/10.1177/0149206310388419

14. Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of "creating shared value". *California Management Review, 56*(2), 130–153. https://doi.org/10.1525/cmr.2014.56.2.130
15. Crifo, P., Diaye, M. A., & Pekovic, S. (2016). CSR related management practices and firm performance: An empirical analysis of the quantity–quality trade-off on French data. *International Journal of Production Economics, 171,* 405–416. https://doi.org/10.1016/j.ijpe.2014.12.019
16. Crisóstomo, V. L., de Souza Freire, F., & Cortes de Vasconcellos, F. (2011). Corporate social responsibility, firm value and financial performance in Brazil. *Social Responsibility Journal, 7*(2), 295–309. https://doi.org/10.1108/17471111111141549
17. D'Amato, A., & Falivena, C. (2020). Corporate social responsibility and firm value: Do firm size and age matter? Empirical evidence from European listed companies. *Corporate Social Responsibility and Environmental Management, 27*(2), 909–924. https://doi.org/10.1002/csr.1855
18. Dahlin, K. B., Weingart, L. R., & Hinds, P. J. (2005). Team diversity and information use. *Academy of Management Journal, 48*(6), 1107–1123. https://doi.org/10.5465/amj.2005.19573112
19. Daya, P. (2014). Diversity and inclusion in an emerging market context. *Equality, Diversity and Inclusion, 33*(3), 293–308. https://doi.org/10.1108/EDI-10-2012-0087
20. de los Reyes, G., Jr., Scholz, M., & Smith, N. C. (2017). Beyond the "win-win" creating shared value requires ethical frameworks. *California Management Review, 59*(2), 142–167. https://doi.org/10.1177/0008125617695286
21. DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics, 3*(3), 183–199. https://doi.org/10.1016/0165-4101(81)90002-1
22. Dembek, K., Singh, P., & Bhakoo, V. (2016). Literature review of shared value: A theoretical concept or a management buzzword? *Journal of Business Ethics, 137,* 231–267. https://doi.org/10.1007/s10551-015-2554-z
23. Deville, J.-C. (1974). Méthodes statistiques et numériques de l'analyse harmonique. *Annales de L'insee, 15*(3), 5–101. https://doi.org/10.2307/20075177
24. Dupire, M., & M'Zali, B. (2018). CSR strategies in response to competitive pressures. *Journal of Business Ethics, 148*(3), 603–623. https://doi.org/10.1007/s10551-015-2981-x
25. Eisenhardt, K. M., & Schoonhoven, C. B. (1990). Organizational growth: Linking founding team, strategy, environment, and growth among US semiconductor ventures, 1978–1988. *Administrative Science Quarterly, 35*(3), 504–529. https://doi.org/10.2307/2393315
26. Engert, S., & Baumgartner, R. J. (2016). Corporate sustainability strategy — Bridging the gap between formulation and implementation. *Journal of Cleaner Production, 113,* 822–834. https://doi.org/10.1016/j.jclepro.2015.11.094
27. Faems, D., & Subramanian, A. M. (2013). R&D manpower and technological performance: The impact of demographic and task-related diversity. *Research Policy, 42*(9), 1624–1633. https://doi.org/10.1016/j.respol.2013.06.001
28. Farh, J.-L., Tsui, A. S., Xin, K., & Cheng, B.-S. (1998). The influence of relational demography and *guanxi*: The Chinese case. *Organization Science, 9*(4), 471–488. https://doi.org/10.1287/orsc.9.4.471
29. Fonseka, M. M., Yang, X., & Tian, G. L. (2013). Does accessibility to different sources of financial capital affect competitive advantage and sustained competitive advantages? Evidence from a highly regulated Chinese market. *Journal of Applied Business Research (JABR), 29*(4), 963–982. https://doi.org/10.19030/jabr.v29i4.7908
30. Fuente, J. A., García-Sanchez, I. M., & Lozano, M. B. (2017). The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information. *Journal of Cleaner Production, 141,* 737–750. https://doi.org/10.1016/j.jclepro.2016.09.155
31. Hall, B. H., & Harhoff, D. (2012). Recent research on the economics of patents. *Annual Review of Economics, 4*(1), 541–565. https://doi.org/10.1146/annurev-economics-080511-111008
32. Hambrick, D. C., Cho, T. S., & Chen, M. J. (1996). The influence of top management team heterogeneity on firms' competitive moves. *Administrative Science Quarterly, 41*(4), 659–684. https://doi.org/10.2307/2393871
33. Harrison, D. A., Price, K. H., & Bell, M. P. (1998). Beyond relational demography: Time and the effects of surface- and deep-level diversity on work group cohesion. *Academy of Management Journal, 41*(1), 96–107. https://www.jstor.org/stable/256901
34. Helfat, C. E., & Peteraf, M. A. (2009). Understanding dynamic capabilities: Progress along a developmental path. *Strategic Organization, 7*(1), 91–102. https://doi.org/10.1177/1476127008100133
35. Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. *Journal of Service Research, 4*(3), 230–247. https://doi.org/10.1177/1094670502004003006
36. Horwitz, S. K., & Horwitz, I. B. (2007). The effects of team diversity on team outcomes: A meta-analytic review of team demography. *Journal of Management, 33*(6), 987–1015. https://doi.org/10.1177/0149206307308587
37. Hunjra, A. I., Boubaker, S., Arunachalam, M., & Mehmood, A. (2021). How does CSR mediate the relationship between culture, religiosity and firm performance? *Finance Research Letters, 39,* Article 101587. https://doi.org/10.1016/j.frl.2020.101587
38. Hutzschenreuter, T., & Horstkotte, J. (2013). Performance effects of top management team demographic faultlines in the process of product diversification. *Strategic Management Journal, 34*(6), 704–726. https://doi.org/10.1002/smj.2035
39. Jackson, S. E., May, K. E., Whitney, K., Guzzo, R. A., & Salas, E. (1995). Understanding the dynamics of diversity in decision making teams. In R. A. Guzzo & E. Salas (Eds.), *Team effectiveness and decision making in organizations* (pp. 204–261). Jossey-Bass.
40. Kausar, A., Shroff, N., & White, H. (2016). Real effects of the audit choice. *Journal of Accounting and Economics, 62*(1), 157–181. https://doi.org/10.1016/j.jacceco.2015.10.001
41. Kim, J. S., Song, H. J., & Lee, C.-K. (2016). Effects of corporate social responsibility and internal marketing on organizational commitment and turnover intentions. *International Journal of Hospitality Management, 55,* 25–32. https://doi.org/10.1016/j.ijhm.2016.02.007
42. Kim, R. C., Saito, A., & Avvari, V. M. (2020). Interpretation and integration of "creating shared value" in Asia: Implications for strategy research and practice. *Asian Business & Management, 19*(4), 379–406. https://doi.org/10.1057/s41291-019-00064-4
43. Klein, J. G., Smith, N. C., & John, A. (2004). Why we boycott: Consumer motivations for boycott participation. *Journal of Marketing, 68*(3), 92–109. https://doi.org/10.1509/jmkg.68.3.92.34770

44. Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B., & Velury, U. K. (2013). Audit quality: Insights from the academic literature. *Auditing: A Journal of Practice & Theory, 32*(Supplement 1), 385–421. https://doi.org/10.2308/ajpt-50350
45. Laudon, K. C., & Laudon, J. P. (2019). *Management information systems: Managing the digital firm* (16th ed.). Pearson Education Limited.
46. Lu, J., Ren, L., Yao, S., Qiao, J., Mikalauskiene, A., & Streimikis, J. (2020). Exploring the relationship between corporate social responsibility and firm competitiveness. *Economic Research-Ekonomska Istraživanja, 33*(1), 1621–1646. https://doi.org/10.1080/1331677X.2020.1761419
47. Man, T. W., Lau, T., & Chan, K. F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. *Journal of Business Venturing, 17*(2), 123–142. https://doi.org/10.1016/S0883-9026(00)00058-6
48. Mazereeuw-van der Duijn Schouten, C., Graafland, J., & Kaptein, M. (2014). Religiosity, CSR attitudes, and CSR behavior: An empirical study of executives' religiosity and CSR. *Journal of Business Ethics, 123,* 437–459. https://doi.org/10.1007/s10551-013-1847-3
49. McDonald, L. M., & Rundle-Thiele, S. (2008). Corporate social responsibility and bank customer satisfaction: A research agenda. *International Journal of Bank Marketing, 26*(3), 170–182. https://doi.org/10.1108/02652320810864643
50. McDonald, R. M., & Eisenhardt, K. M. (2020). Parallel play: Startups, nascent markets, and effective business-model design. *Administrative Science Quarterly, 65*(2), 483–523. https://doi.org/10.1177/0001839219852349
51. Menghwar, P. S., & Daood, A. (2021). Creating shared value: A systematic review, synthesis and integrative perspective. *International Journal of Management Reviews, 23*(4), 466–485. https://doi.org/10.1111/ijmr.12252
52. Meyer, J. P., & Allen, N. J. (1984). Testing the "side-bet theory" of organizational commitment: Some methodological considerations. *Journal of Applied Psychology, 69*(3), 372–278. https://doi.org/10.1037/0021-9010.69.3.372
53. Meyer, J. P., & Allen, N. J. (1997). *Commitment in the workplace: Theory, research, and application.* SAGE publications.
54. Moon, H.-C., Parc, J., Yim, S. H., & Park, N. (2011). An extension of Porter and Kramer's creating shared value (CSV): Reorienting strategies and seeking international cooperation. *Journal of International and Area Studies, 18*(2), 49–64. http://www.jstor.org/stable/43111578
55. Mousavi, S., Bossink, B., & van Vliet, M. (2018). Dynamic capabilities and organizational routines for managing innovation towards sustainability. *Journal of Cleaner Production, 203,* 224–239. https://doi.org/10.1016/j.jclepro.2018.08.215
56. Mousavi, S., Bossink, B., & van Vliet, M. (2019). Microfoundations of companies' dynamic capabilities for environmentally sustainable innovation: Case study insights from high-tech innovation in science-based companies. *Business Strategy and the Environment, 28*(2), 366–387. https://doi.org/10.1002/bse.2255
57. Musacchio, A., & Lazzarini, S. G. (2014). *Reinventing state capitalism: Leviathan in business, Brazil and beyond.* Harvard University Press. https://doi.org/10.4159/harvard.9780674419582
58. Newbert, S. L. (2007). Empirical research on the resource-based view of the firm: An assessment and suggestions for future research. *Strategic Management Journal, 28*(2), 121–146. https://doi.org/10.1002/smj.573
59. Norburn, D., & Birley, S. (1988). The top management team and corporate performance. *Strategic Management Journal, 9*(3), 225–237. https://doi.org/10.1002/smj.4250090303
60. Park, K. O. (2020). How CSV and CSR affect organizational performance: A productive behavior perspective. *International Journal of Environmental Research and Public Health, 17*(7), Article 2556. https://doi.org/10.3390/ijerph17072556
61. Pelled, L. H. (1996). Demographic diversity, conflict, and work group outcomes: An intervening process theory. *Organization Science, 7*(6), 615–631. https://doi.org/10.1287/orsc.7.6.615
62. Pfajfar, G., Shoham, A., Małecka, A., & Zalaznik, M. (2022). Value of corporate social responsibility for multiple stakeholders and social impact — Relationship marketing perspective. *Journal of Business Research, 143,* 46–61. https://doi.org/10.1016/j.jbusres.2022.01.051
63. Porter, M. E. (2012). The new competitive advantage: Creating shared value. *HSM World Business Forum.* https://www.hbs.edu/ris/Publication%20Files/20121003%20-%20HSM%20World%20Business%20Forum%20-%20For%20Distribution%20-%20FINAL_94a553d8-ca43-4ad0-bd2b-72b5a5995548.pdf
64. Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review, 84*(12), 78–92. https://hbr.org/2006/12/strategy-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility
65. Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review, 89,* 1–2. https://hbr.org/2011/01/the-big-idea-creating-shared-value
66. Prahalad, C. K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review, 68*(3), 79–91. https://hbr.org/1990/05/the-core-competence-of-the-corporation
67. Redding, G. (1990). *The spirit of Chinese capitalism.* Walter De Gruyter.
68. Richard, O. C. (2000). Racial diversity, business strategy, and firm performance: A resource-based view. *Academy of Management Journal, 43*(2), 164–177. https://journals.aom.org/doi/abs/10.5465/1556374
69. Roberson, Q. M. (2006). Disentangling the meanings of diversity and inclusion in organizations. *Group & Organization Management, 31*(2), 212–236. https://doi.org/10.1177/1059601104273064
70. Roberson, Q., Holmes, O., IV, & Perry, J. L. (2017). Transforming research on diversity and firm performance: A dynamic capabilities perspective. *Academy of Management Annals, 11*(1), 189–216. https://doi.org/10.5465/annals.2014.0019
71. Roberts, N., Campbell, D. E., & Vijayasarathy, L. R. (2016). Using information systems to sense opportunities for innovation: Integrating postadoptive use behaviors with the dynamic managerial capability perspective. *Journal of Management Information Systems, 33*(1), 45–69. https://doi.org/10.1080/07421222.2016.1172452
72. Schurer, S., & Yong, J. (2012). *Personality, well-being and the marginal utility of income: What can we learn from random coefficient models?* (SEF Working Paper No. 01/2012). School of Economics and Finance. http://researcharchive.vuw.ac.nz/handle/10063/2040

73. Shin, S. J., & Zhou, J. (2007). When is educational specialization heterogeneity related to creativity in research and development teams? Transformational leadership as a moderator. *Journal of Applied Psychology, 92*(6), 1709–1721. https://doi.org/10.1037/0021-9010.92.6.1709
74. Simons, T., Pelled, L. H., & Smith, K. A. (1999). Making use of difference: Diversity, debate, and decision comprehensiveness in top management teams. *Academy of Management Journal, 42*(6), 662–673. https://doi.org/10.5465/256987
75. Smith, M., Yahya, K., & Marzuki Amiruddin, A. (2007). Environmental disclosure and performance reporting in Malaysia. *Asian Review of Accounting, 15*(2), 185–199. https://doi.org/10.1108/13217340710823387
76. Snircova, J., Fidlerová, H., & Božiková, L. (2016). Sustainable global competitiveness model as a new strategic opportunity for the companies in Slovakia. *Association for Information Communication Technology Education and Science, 5*(2), 241–247. https://doi.org/10.18421/TEM52-19
77. Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review, 92*(3), 434–459. https://doi.org/10.1257/00028280260136200
78. Stiglitz, J. E. (2000). The contributions of the economics of information to twentieth century economics. *The Quarterly Journal of Economics, 115*(4), 1441–1478. https://doi.org/10.1162/003355300555015
79. Sun Tzu. (1963). *The art of war* (S. B. Griffith, Trans.). Oxford University Press.
80. Teece, D. J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal, 28*(13), 1319–1350. https://doi.org/10.1002/smj.640
81. Teece, D. J. (2012). Dynamic capabilities: Routines versus entrepreneurial action. *Journal of Management Studies, 49*(8), 1395–1401. https://doi.org/10.1111/j.1467-6486.2012.01080.x
82. Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal, 18*(7), 509–533. https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z
83. Teece, D., & Pisano, G. (2003). The dynamic capabilities of firms. In C. W. Holsapple (Ed.), *Handbook on knowledge management* (International Handbooks on Information Systems, Vol. 2, pp. 195–213). Springer. https://doi.org/10.1007/978-3-540-24748-7_10
84. Tong, T. W., He, W., He, Z.-L., & Lu, J. (2014). Patent regime shift and firm innovation: Evidence from the second amendment to China's patent law. *Academy of Management Proceedings, 2014*(1), Article 14174. https://doi.org/10.5465/ambpp.2014.14174abstract
85. Trudel, R., & Cotte, J. (2008, May 12). Corporate reputation: Does being ethical pay? *The Wall Street Journal,* p. R1. https://www.wsj.com/articles/SB121018735490274425
86. Vishwanathan, P., van Oosterhout, H., Heugens, P. P., Duran, P., & van Essen, M. (2020). Strategic CSR: A concept building meta-analysis. *Journal of Management Studies, 57*(2), 314–350. https://doi.org/10.1111/joms.12514
87. Waddock, S., & Smith, N. (2000). Relationships: The real challenge of corporate global citizenship. *Business and Society Review, 105*(1), 47–62. https://doi.org/10.1111/0045-3609.00064
88. Walter, A., Müller, T. A., Helfert, G., & Ritter, T. (2003). Functions of industrial supplier relationships and their impact on relationship quality. *Industrial Marketing Management, 32*(2), 159–169. https://doi.org/10.1016/S0019-8501(02)00230-4
89. Wiggins, R. R., & Ruefli, T. W. (2002). Sustained competitive advantage: Temporal dynamics and the incidence and persistence of superior economic performance. *Organization Science, 13*(1), 81–105. https://doi.org/10.1287/orsc.13.1.81.542
90. Xu, D., Lu, J. W., & Gu, Q. (2014). Organizational forms and multi-population dynamics: Economic transition in China. *Administrative Science Quarterly, 59*(3), 517–547. https://doi.org/10.1177/0001839214541866
91. Yang, T.-K., & Yan, M.-R. (2020). The corporate shared value for sustainable development: An ecosystem perspective. *Sustainability, 12*(6), Article 2348. https://doi.org/10.3390/su12062348