Creating shared value in the banking industry: A case study from Finland

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Abstract
The banking industry has been subject to criticism and scrutiny following the global financial crisis in 2008. In response to calls for businesses to embrace the society, the concept of creating shared value emerged with the idea to address societal challenges in the core of firm strategy. This research aims to increase the understanding about how and to what extent this can be achieved in the context of the case study of a relatively small national bank in Finland. Results suggest that among the three ways to create shared value, as suggested by Bockstette et al. (2015), furthering client prosperity is the most suitable way for small banks. Fueling the growth of regional economies and financing solutions to global challenges can be relatively more difficult to implement due to resource constraints and risks involved.

Keywords: Creating shared value, CSV, economic value, societal value, strategy, banking industry, Finland

1. Introduction

Creating shared value (CSV) refers to creating both economic value for the firm's shareholders and societal value simultaneously, and this can be achieved only by addressing societal needs and challenges at the core of the strategy formulation processes of the firm (Porter and Kramer 2011). This concept has its roots in the fields of responsible management, stakeholder management, and corporate social responsibility (CSR), which have regained attention in management literature following the corporate scandals in the USA in the early 2000s and the global financial crisis of 2008, also known as the subprime crisis. It has similarities with the triple bottom line phenomenon which argues that firms should not be accountable for only creating economic prosperity (as it is the case in most financial reporting) but also for improving environmental quality and enhancing societal progress (Elkington 1998; Savitz 2006; Crane and Matten 2007). This means in practice that profit maximization should not be the sole goal of management. Management should equally address environmental challenges by for example using renewable materials and energy sources and societal issues in certain parts of the world such as the inequality of wealth distribution between the rich and the poor or gender inequality. CSV has been criticized for its originality and added value (see Crane et al. 2014). In our opinions CSV is different by suggesting that the firm should target to enhance societal progress as part of its core strategy (Porter and Kramer 2011; Scagnelli and Cisi 2014). Hence, in contrast to earlier approaches, it is not enough for the firm to be engaged in philanthropic activity and to be a socially responsible citizen (as stipulated by the CSR concept), or to be accountable for environmental and societal contributions (as suggested by the triple bottom line concept). It is the integration of societal challenges to firm strategy that differentiates CSV from both CSR and the triple bottom line concepts. CSV has similarities with stakeholder management and conscious capitalism concepts which foresee that businesses simultaneously create multiple kinds of value and well-being for all stakeholders (Freeman 1984; Mackey and Sisodia 2014). The difference between CSV and stakeholder management lies in that CSV focuses on creating societal and economic value rather than how the value should be distributed among all stakeholders.

As CSV is a relatively new concept, there is need to increase our understanding about the ways and mechanisms in which it can be realized. Porter and Kramer (2011) identify three ways to achieve CSV. The first one is by reconceiving products and markets to address societal needs. An example of reconceiving products is the change in a food firm's strategy from the traditional focus on better taste and more consumption, which makes people fat and unhealthy, to focus on better nutrition. An example of reconceiving markets is creating new products for underserved markets (e.g., the introduction of microfinance loans to serve the needs of the poor in developing countries). The second way is through redefining productivity in the value chain. Improving employee productivity as well as productivity in material logistics and distribution networks will result in environmental benefits (i.e. societal value) thanks to more productive usages of resources and simultaneously cost savings and higher profits for the firm (i.e. economic value). A strategic decision to use only renewable materials and renewable sources of energy along the value chain can boost the societal impact although there may be some cost disadvantages at the beginning. Investing in employee wellness programs and ethical procurement can also improve the firm's competitiveness in the long-run. Finally, the third way is by developing local clusters in the locations that the firm operates through for example enhancing infrastructure and building institutions. This is again an investment which would economically pay off in the long-run following improvements in the productivity of the clusters.

Bockstette et al. (2015) adapt the typology of Porter and Kramer (2011) to the banking industry. According to this adaptation banks are able to create shared value in three ways. The first way is by furthering client prosperity. This is most relevant for retail and commercial banking, and it can be achieved by improving the long-term financial health of existing clients as well as extending financial services to the poor who are excluded from the financial system (e.g., the introduction of microfinance loans). The second way is by fueling the growth of regional economies. This is most relevant for commercial and corporate banking, aiming to revitalize depressed economies by financing sustainable growth projects or cluster development projects. The third way is by financing solutions to global challenges. This can be realized by targeting especially clients which deliver societal or environmental benefits as well as financing projects that offer solutions to global societal and environmental needs.

This research builds on the framework offered by Bockstette et al. (2015) in enhancing the understanding on how and to what extent CSV can be achieved in the banking industry. To fulfill this objective we adopt the case study method and study the operations of a relatively small national bank in Finland. The Finnish banking industry has been seen as a responsible sector due to high regulations by the state. The global financial crisis of 2008 created new opportunities for banks to engage in solving societal issues, and as a result the capital of socially responsible banks grew by 78% from 2007 to 2010 (Suni 2012). Given that the economic depression has continued for long in Finland and limited growth possibilities for banks, integrating societal issues into the core strategy can be an alternative growth trajectory for Finnish banks. As such, findings from this research can help Finnish banks to improve their competitiveness in response to increasing levels of competition in a small stagnating market.

The rest of the paper is organized as follows. In section 2 relevant literature is reviewed and the theoretical framework introduced, and in section 3 the methodology employed in the research process is outlined. Later, the results of the empirical research are presented in section 4, and the paper ends with a discussion of findings in section 5.

2. Literature Review

2.1 From maximizing shareholder value to CSV

According to the shareholder perspective in a free economy firms are primarily responsible to their shareholders (considered to be the sole bearers of risk in the firm), and their main responsibility is to make as much profit for shareholders as possible (i.e. maximizing shareholder value) so long as they stay within the rules of the game (Friedman 2002). Pressures from financial markets towards maximizing shareholder value, however, created speculative investors and short-sighted managers owning high amounts of stock options whose main focus was to increase the stock price of their firms. Some of these managers did not stay within the rules of the game, such as in the case of the corporate scandal of Enron and Arthur Andersen in 2001. The global financial crisis of 2008, which was the worst following the Great Depression of the 1930s, resulted in the bankruptcy of excessive risk-taking banks in the USA such as Freddie Mac, Fannie Mae, and Lehman Brothers. Regrettably, these scandals generated two perceptions which led to the Occupy Wall Street movement in 2011. First, wealth was produced at the stock exchange market from short-term speculation and trading rather than long-term investing. Second, while the gains served the 1% minority, losses were absorbed by the government and the tax payers.

The stakeholder perspective, which emerged in response to the shareholder perspective, argues that managers need to pay attention to the interests of all stakeholders (Freeman 1984). In a narrow sense stakeholders are defined as actors who depend on the firm to realize their goals and on whom the firm depends for its existence (Rhenman 1964, 2/12), and in a broad sense they are defined as actors who can affect or are affected by the achievement of the firm's goals (Freeman 1984, 46). The instrumental stream of stakeholder theory suggests that there is a positive relationship between long-term stakeholder orientation and firm performance (Jones 1995; Berman et al. 1999; Hillman and Keim 2001). Long-term stakeholder orientation contributes to the firm's competitiveness by increasing organizational flexibility, by building social capital, and by enhancing organizational legitimacy (Harrison and St. John 1996; Heugens et al. 2002). The stakeholder perspective is dominant in the conscious capitalism concept which is based on the four tenets of having a higher purpose and core values, stakeholder integration, conscious leadership and conscious culture and management (Mackey and Sisodia 2014). Having a compelling and meaningful purpose energizes and aligns all stakeholders, examples of which concern improving the quality of life, enhancing human knowledge, and doing what is right for a better world in the future. Developing close relationships with customers based on trust, promoting teamwork among employees and treating them responsibly, making long-term partnerships with suppliers and treating them fairly, managing investors consciously, creating value for the society, having a conscious approach to the environment, and responding constructively to possible conflicts are important elements of conscious leadership and management. One good example of a conscious business is the Koç Holding which is Turkey's leading industrial group. Its strategy embraces societal and economic value in its vision and values expressed as follows: "*Creating value for our shareholders is a guiding principle to assure continuity of service, investments in the future and to* *encourage and leverage small and large savings; and allocating resources from our operations to create value and to ensure efficient utilization of all resources with a view to support the economic and social development of our people and our society are our key objectives*." (Koç Holding 2018). This is also reflected in the words of Vehbi Koç, the founder of Koç Holding as follows: "*This is my code: I live and prosper with my country. As long as democracy exists and thrives, so do we. We shall do our utmost to strengthen our economy. As our economy prospers, so will democracy and our standing in the world*." (ibid.) These words have become a guiding principle for Koç Holding and its employees.

CSR refers to the voluntary commitment of an organization to sustainable development, resolving of societal issues and the advancement of the well-being of the community (Kotler and Lee 2005). According to the four part model of CSR firms have economic, legal, ethical and philanthropic responsibilities (Tuan 2012). They need to achieve economic returns (economic responsibility) and operate according to laws and regulations (legal responsibility) to stay in the business. Similar to the triple bottom line concept, the key challenge for firms is how to make the core business socially, environmentally and financially sustainable (Bosch-Badia et al. 2015). In achieving that firms can apply four types of CSR strategies, namely shareholder strategy, altruistic strategy, reciprocal strategy, and citizenship strategy (Galbreath 2006). In the shareholder strategy management sees CSR as a means to improve returns to shareholders, and in the defensive altruistic strategy management spares the minimum possible efforts to fulfill CSR from surplus profits. In both of these strategies management has a short-term focus. In the reciprocal strategy management accepts societal responsibilities and aims to find solutions to conflicts between economic objectives and societal and environmental issues. Finally, in the citizenship strategy management integrates societal and environmental issues into the corporate strategy proactively. Firms are viewed as corporate citizens which respect the society and the environment in their daily operations. In both the reciprocal strategy and the citizenship strategy management has a long-term focus.

CSV is about enhancing economic value and societal value simultaneously without making a trade-off between them: integrating societal needs into the firm's core strategy is likely to create economic value because societal needs define markets and societal harms can increase internal costs (Porter and Kramer 2011). It is not about the redistribution of the economic value created by the firm among the stakeholders including the society, e.g., the case of philanthropy. It is different from earlier approaches in that societal issues are addressed at the core of firm strategy from a value perspective taking into account both benefits and costs, i.e. value is equal to benefits minus costs. This is also new in practice because most businesses, focusing mainly on the industry and the competition within it, have overlooked how societal weaknesses can harm value chains and what kinds of benefits exist in addressing societal needs. Porter and Kramer (2011, 76) compare and contrast CSV with CSR. In CSR the value is about good corporate citizenship, and societal value is separated from economic value in that management acts mostly in response to external pressures, and as a result the impact is limited to corporate footprint and the CSR budget. An example of CSR would be participation in fair trade purchasing. This would create societal value but not necessarily economic value for the firm although it can also be considered as part of marketing. In CSV, however, since economic and societal values are integrated simultaneously at the core of firm strategy, there is joint value creation for the firm and the society (i.e. shared value). As a result, the impact is much higher. An example of CSV from the food industry would be to help develop existing suppliers in the value chain (e.g., local farmers) with new technology and training such that quality and yield of supplies are improved significantly. This would create societal value (quality food at lower price for customers as well as more revenues, competences and know-how for farmers) and economic value (more revenues and profits for the firm thanks to a more sustainable business model with increased quality and yield).

2.2 Strategizing CSV to achieve competitive advantage

Two relevant questions to be answered are whether CSV contributes to achieving competitive advantage and if yes how this can be realized. Strategizing can be an intended deliberate process (strategy as plan) or an emergent process (strategy as pattern) (Mintzberg et al. 1998). In the case of CSV, it is an intended process in that management deliberately integrates societal issues into strategy from the very beginning. Strategizing is important because it sets direction, focuses efforts and provides consistency across the firm. It is a continuous process involving environmental scanning, strategy formulation, strategy implementation, evaluation and control. Despite different views on the concept of strategy, there is consensus that strategy should address at least competitive advantage, the firm's external environment (e.g., the industry and competition in the industry), its internal environment (e.g., the firm's resources and their deployment), and synergies among the value chain activities in terms of resource utilization (Hofer and Schendel 1978). Strategy exists at different levels such as network level, corporate level, business level and functional level (De Wit and Meyer 2004). In the case of CSV the focus is on business level strategy which looks into how the firm competes in a specific strategic business area, i.e. which market segments it serves with what kinds of products and services. According to Porter (1985) strategizing is about identifying and choosing the optimal positioning against competition in the industry. To be successful firms must offer unique value propositions that meet the needs of a target set of customers in ways that are different than those of competition. In addition, they should design and integrate their value chain activities in ways which will enable them to deliver their unique value propositions most efficiently. There can be two sources of competitive advantage: achieving lower costs than competitors or offering differentiated superior products and services than competitors. Based on these two sources Porter (1985) suggests that firms pursue the strategies of cost leadership or differentiation, which can be applied at broad market level or focused at a target market segment (which Porter calls focus strategy). One very challenging route to achieve competitive advantage is by making competition irrelevant, i.e. the blue ocean strategy (Kim and Mauborgne 2004). Different than the generic strategies presented by Porter (1985), the blue ocean strategy argues that the value/cost trade-off can be broken and differentiation and low cost can be achieved simultaneously when the firm creates and captures new demand rather than exploiting existing demand, creates uncontested market space rather than competing in the existing market space, and aims to make the competition irrelevant rather than beating the competition (Kim and Mauborgne 2004). Given that addressing societal issues have been peripheral to businesses, we argue that strategizing CSV can be considered as a type of blue ocean strategy which will differentiate firms from their competitors and create competitive advantage by identifying and fulfilling unmet societal needs in profitable ways. In a world with an aging population of 7.6 billion and inequalities across locations there are many such blue ocean opportunities that will contribute to a better society and environment. Furthermore, improving energy usage, water usage, employee health, employee skills, and worker safety will enhance the productivity of the firm and thus contribute to the firm's competitiveness (Porter and Kramer 2011).

According to Pfitzer et al. (2013) CSV starts with embedding a social purpose in the firm's culture. This is followed by the identification of the societal needs to be tackled and the deployment of resources to deliver the innovations that will meet the needs. Continuously tracking the measurement of economic and societal value, creating the optimal innovation structure inside the firm, and co-creating with external stakeholders are vital elements for innovating to achieve CSV. Porter and Kramer (2011) suggest three ways to achieve CSV. The first way is by reconceiving products and markets in order to satisfy unmet societal needs concerning health, nutrition, housing, aging, financial security, and the environment. Especially promising markets are in developing countries and disadvantaged communities, e.g., the bottom of the pyramid (Prahalad 2010). Meeting needs in underserved markets demands innovative products and services such as microfinance targeted to the poor or mobile banking services in African countries that minimize the need to carry cash and enhance personal security. The second way to achieve CSV is by redefining productivity in the value chain while addressing societal problems. Savings in energy utilization through the application of environmentally friendly technologies as well as the use of renewable sources will create shared value by polluting the air less and lowering energy costs. Similarly, optimizing transportation along the value chain from suppliers to the firm and from the firm to distributors will decrease transportation costs and minimize air pollution. Furthermore, digitalization creates opportunities for CSV of this type by enabling the distribution of print media electronically. For example, the electronic version of a book ordered from Amazon.com will cost less than its print version. This will benefit all stakeholders including the customer who pays less and the environment. The third way to achieve CSV is by enabling local cluster development. A cluster is a geographic concentration of interconnected firms and institutions in a particular field, linked by commonalities and complementarities in providing a related group of products or services (Porter 1998, 78). Firms in a cluster achieve higher levels of productivity via access to more specialized assets and suppliers within close proximity. Close interactions between cluster members also lead to more innovations, and the rate of new business formation is higher in strong clusters (Delgado et al., 2010). Thanks to spillover effects, contributing to local cluster development will not only enhance the prosperity of the local community, i.e. create societal value, but also improve the productivity and the innovativeness of the firm, i.e. create economic value. A good example of this is the IT cluster in Silicon Valley, California, which incorporates some of the world's leading multinationals in the industry like Apple, Google, Facebook, Yahoo, and Microsoft, and the development of the region during the last decades.

2.3 Theoretical framework

Bockstette et al. (2015) adapt the three ways of achieving CSV by Porter and Kramer (2011) to the banking industry. We adopt it as the theoretical theoretical framework for this research (see Figure 1) since the research context is the banking industry.

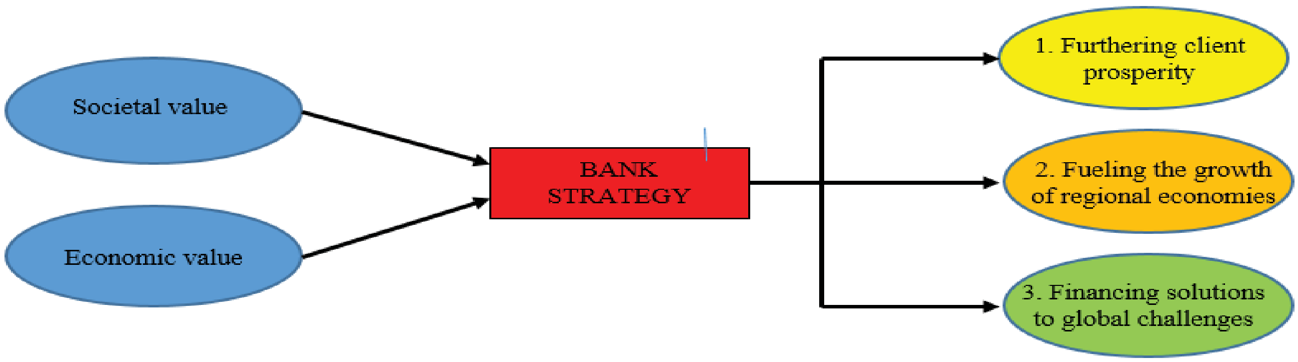

Figure 1. The theoretical framework: CSV at banks. Adapted from Bockstette et al. (2015).

The first way for achieving CSV is by furthering client prosperity (see Figure 1). This can be realized through supporting the financial health of existing clients and through extending banking services to unbanked and under-banked individuals and small- and medium-sized enterprises (SMEs). The global financial crisis of 2008 showed clearly the costs that the society will pay when clients are not able to pay back their loans. Therefore, banks which see themselves in financial health business and offer solutions to strengthen the financials of their customers will create societal value. They will also create economic value for themselves because healthy customers will expand the sizes of services they obtain from banks. In emerging markets as well as in remote areas there are a good number of individuals who lack access to bank accounts. Barriers to develop viable business models to access these markets are low profitability of these markets due to lack of cost-effective delivery channels, high risk of these markets when there is not enough collateral, and insufficient understanding of their needs. Tailoring services to the needs of SMEs, an under-banked market segment, is another promising growth opportunity for banks, i.e. a possibility to create economic value. Extending services to this segment will also create societal value since SMEs are the drivers of economic growth.

The second way to achieve CSV is by fueling the growth of regional economies (see Figure 1). Banks are important actors in regional clusters in that they provide capital not only for cluster members but also for their value chain partners, and they finance cluster initiatives which aim to develop regional economies. By moving beyond the individual needs of cluster members to all value chain actors and financing projects that concern all clusters in the region banks can contribute more effectively to regional development, which enhances societal value. In addition, banks can play a vital role in less developed regions in financing the development of common goods such as transportation infrastructure. This would contribute to the productivity of all cluster members and the community. A more prosperous community in return creates more business opportunities for banks, i.e. enhances economic value.

The third way to achieve CSV is by financing solutions to global challenges (see Figure 1). Addressing global societal and environmental challenges presents an opportunity to CSV for all businesses, and banks which finance those businesses contribute in this direction as well. In addition to serving customers which tackle societal and environmental challenges, investment banks can also invest directly in projects which aim to find solutions to global challenges (i.e. impact investing). Both of these routes offer possibilities for banks to generate new businesses, i.e. create economic value.

3. Methodology

We adopt an inductive research approach and apply the case study method in the research. The case study method suits particularly well to providing answers to how and why questions to make a detailed investigation of a relatively new and complex social phenomenon such as CSV (Eisenhardt 1989; Yin 2003). We acknowledge that case studies are not suitable for generalizations (Siggelkow 2007). Rather they aim to produce holistic knowledge by relating real-life observations to abstract concepts (Alasuutari 1995). As such, it is a suitable method for this research which does not aim to generalize the findings to a population but to explore about CSV in the light of the theoretical framework adopted from Bockstette et al. (2015). The case is studied in its own context based on the interpretation of evidences from multiple sources with the goal of describing a good story in a critical and objective manner (Eriksson and Kovalainen 2008).

The case company is a relatively small national Finnish bank with about 150 offices and 1,200 employees. It is selected for this research as exemplary for a small national bank from a developed country to study its engagement in CSV. In the small Finnish financial market competition has been intensifying in the 2010s as a result of the ongoing tough economic situation in the country, very low interest rates, digitalization, and tightening regulations (Finanssialan Keskusliitto 2015; Finanssialan Keskusliitto 2016). As of December 31, 2015 there were 281 financial institutions in Finland employing about 27,000 people: the leading ones and their market shares were Osuuspankki (35.1%), Nordea Pankki (28.1%), Danske Bank

(9.6%), Handelsbanken (5.8%), Säästöpankit (3.0%), and Aktia Pankki (2.8%) (Finanssialan Keskusliitto 2016). The Bank of Finland acts as the bank of banks and implements the monetary policy of the European Central Bank in Finland (Bank of Finland 2018). While the three leading banks are under the direct supervision of the European Central Bank, all other banks in Finland are supervised by the Finnish Supervisory Authority, Finanssivalvonta (Finanssialan Keskusliitto 2015).

Data was collected and triangulated from multiple reliable primary and secondary sources and analyzed in the light of the theoretical framework using the method of content analysis (see Denzin 1978; Krippendorff 2012). Primary data is from three semi-structured interviews conducted with members of the top management team of the bank. The interviewees were carefully selected for the purposes of the research, and they all have excellent insights about the bank's operations. Interview questions were prepared and validated based on the theoretical framework. The interviews which lasted for about 45-50 minutes each were held in Finnish, the native language of both the interviewer and the interviewees. This avoided any possible misunderstanding and provided optimal conditions for a deep discussion. To enhance reliability the interviews were recorded with the permissions of the interviewees and then transcribed in MS Word program before analysis. Secondary data is from the bank's web pages, internal documents, as well as publicly available sources about the bank. The fact that one of the authors has been working at this bank for many years and knew about its operations and the Finnish banking industry not only eased access to primary and secondary data sources but also contributed to interpret and analyze the data with expertise and insights. The textual data was first reduced and then organized using MS Excel program's filtering and sorting functions with the aid of the codes derived from the theoretical framework. Selecting codes in line with the theoretical framework ensured the internal validity of the results (Yin 2003).

4. Results

Established in the 19th century, the case company is one of the oldest banking groups in Finland. Advancing the financial well-being and service experiences of customers lie at the core of the bank's strategy as stipulated in its mission statement. With the motto of helping people and progressing the financial well-being of communities this small Finnish bank has been operating mainly in the retail banking business area. It also offers services such as life insurance and asset management. About 70% of the bank's customers are individuals, and 30% are SMEs. Coaching customers with their financial issues and availability for them through different channels are the means to achieve the bank's strategy which emphasizes differentiation through locality and superior service to customers. Megatrends which affect customer behavior as well as changing national and European Union legislation set the frame for the bank's strategy, and values such as responsibility, equal treatment of all customers independent of their social and financial background, and cooperation guide the strategy process and strategic choices. The bank positions itself as a responsible bank, fulfilling social, environmental and financial responsibilities since its establishment. The bank's mission to help Finns take better care of their finances and prosper and its commitments to pay all of its taxes to Finland and to allocate a certain share of its profits to projects enhancing welfare such as financing research, supporting families with children, helping the elderly and those suffering from social exclusion, and promoting recreational activities for young people are evidences of social responsibility. Environmental responsibility is reflected in the bank's commitments to make ecological choices when purchasing materials, to reduce unnecessary paper use, and to replace business travels with telephone calls and video conferences. Finally, financial responsibility is evidenced in the bank's commitments to ensure capital adequacy and liquidity at all times and to achieve good profitability under responsible governance and leadership. Following these responsibilities we analyze next the bank's activities for CSV along the three ways as set in the theoretical framework by Bockstette et al. (2015).

4.1 Furthering client prosperity

Key target customer segments of the bank are families who need mortgages, individual savers and investors, and local SMEs. The goal is to have customers which satisfy all of their financial needs from the bank rather than receive single services because the bank wants to offer a comprehensive value proposition for its customers. Improving the financial well-being of customers has been a strategic motive of the bank from its early years of establishment. No individual customer is ruled out, and everyone is welcome to have a talk with. Along with these principles the bank has developed services which are specifically targeting underbanked customer segments like students and refugees who are interested in starting their own businesses in Finland. The bank has a tool for mapping the financial needs of its customers. Using this tool the financial needs of each individual customer is identified through joint discussions, and suitable financial solutions are agreed upon, which will not strain the finances of customers. In the bank's customer-centric approach bank officers spend most of their time with customers even though internet banking has allowed most routine transactions (e.g., payments) to be executed online. This is because individual customers prefer face-to-face contact in making strategic financial decisions like borrowing and investing. Understanding this need and emphasizing customer experience in its strategy the bank aims to take its services closer to customers. For this purpose the bank has branches in small towns where many competitors have closed down, and bank officers frequently go out of the office to meet customers at locations that are suitable to customers. In the enterprise sector the bank's strategic decision to focus on the SME segment has two reasons. First, having many SME customers rather than a few large customers is less risky, and second, the bank has realized that SMEs are an underserved segment. The bank has been innovating electronic services, such as the Finance Guard, which helps customers to follow their financial situation on the internet. Electronic services are seen as a complementary channel to enhance customer satisfaction while face-to-face meetings and customer encountering continue to be the bank's primary means of interaction with its customers. Thanks to this strategic orientation the bank has got very high rankings in national customer satisfaction surveys.

To conclude, furthering client prosperity is an area of strength for the bank. While differentiation through a customer-centric approach is applied by many banks and firms in other industries to create economic value, the bank's strategic orientation to serve underbanked segments such as SMEs, students and refugees in Finland and to contribute to the financial well-being of its customers is what creates societal value.

4.2 Fueling the growth of regional economies

Advancing the prosperity of the local community is viewed by the bank as an important mission since the bank and the community are interconnected, i.e. if the community is doing well, then the bank is doing well, and vice versa. The bank has been contributing to this mission by supplying locally, recruiting locally, cooperating with local higher education institutes (e.g., providing traineeships and summer jobs for students), setting up pop-up stands on local weekend markets to engage with the community, and involving managers in community development projects. Furthering client prosperity naturally contributes in this direction as well. The interviewees mentioned that although the term cluster and cluster development were used in speeches, the bank has not done much in that direction except for donating funds for research purposes via the bank's research foundation. This remains to be an untapped opportunity. The interviewees also mentioned that as the bank mainly targeted SMEs in the enterprise sector, value chain financing and supply chain financing have been applied only in the context of small franchise chains by financing the operations of franchisees in the same chain. Finally, the bank has not participated actively in the financing of big infrastructure development projects.

To conclude, the activities of the bank in this area are limited to small scale initiatives to enhance the welfare of local communities. While the strategic choice of the bank to focus on SMEs limits possible growth through value chain financing, the relatively small size of the bank may be hindering it from large scale projects of cluster development and infrastructure development.

4.3 Financing solutions to global challenges

Financing solutions to global challenges has not been much thought of at the bank so far: the focus has been mainly on local customers and their financial challenges. The interviewees were first pondering how a relatively small national bank could contribute to solve global challenges. One interviewee mentioned that targeting enterprise customers which concentrate on solving global societal and environmental challenges would limit the market potential because that market segment is very small. The interviewees were also of the opinion that initiatives to solve global challenges demand higher levels of finance, and they are of high risk. They agreed, however, that these types of customers fit very well to the bank's strategy and positioning in the market. Hence, it presents a potential future opportunity for the bank which can be undertaken by financing less risky small scale projects. As a first step the bank needs to conduct a market study about it. The bank has not been investing directly in projects to solve global challenges (i.e. impact investing), either, even though the interviewees agreed that such behavior would be in line with the bank's strategy. Hesitation in that direction resulted from fears whether those projects would be profitable, i.e. deliver economic value.

To conclude, the bank does not have any activities in this area even though it is recognized that it will support the bank's strategy. Financing enterprises which develop solutions to global societal and environmental challenges or directly investing in such projects are seen as bearing high risks, and there are fears whether they will deliver economic value.

5. Discussion

This research aimed to increase understanding about how banks can create shared value with the aid of an intensive case study from Finland using the theoretical framework of Bockstette et al. (2015), which has been developed specifically for the banking industry based on the framework of Porter and Kramer (2011). The results from the empirical study contribute to the discussion on CSV by highlighting possible deviances between theory and practice regarding the extent to which societal value and economic value can be created (see Table 1).

Table 1. Assessment of the framework of Bockstette et al. (2015) in the light of the results from the empirical study.

Ways to achieve CSV	Creation of societal value	Creation of economic value
1. Furthering client prosperity	It is even possible to create societal value in a developed economy like Finland by serving underbanked market segments like SMEs, students and refugees. Targeting to improve the financial well-being of customers creates societal value and delivers responsible banking.	Differentiation through a customer-centric approach and serving underbanked market segments grow the customer base and deliver economic value.
2. Fueling the growth of regional economies	There are limited possibilities to enhance the welfare of local communities through local sourcing and recruiting. Value chain financing, cluster development initiatives or infrastructure development projects are not implemented due to strategic choices and economic concerns.	Contributing to the regional economy creates economic value for the bank because the bank will do well only if the community is doing well. However, the bank hesitates to finance risk bearing large projects.
3. Financing solutions to global challenges	Financing initiatives to solving global challenges would definitely create societal value, but the bank has not been active in this area due to economic concerns.	Financing solutions to global challenges directly or indirectly bears high risks, and there are fears whether new innovations will succeed to deliver economic value.

Bockstette et al. (2015) acknowledge that banks can differ in their ways of achieving CSV based on their areas of service. According to them while the first way is the most relevant for retail and commercial banking, the second way is the most relevant for retail and corporate banking, and the third way is the most relevant for investment and private banking. Our results also suggest that banks will differ in their ways to achieve CSV, but we argue that the differences will arise from the relative size of the bank and its strategic choices. We find out that the most probable way for banks of relatively small size to create shared value is by furthering client prosperity. Small banks may be more reluctant to take initiatives in large projects to fuel the growth of regional economies or to finance solutions to global challenges which they perceive as risky regarding the acceptance of these solutions in the market place. Therefore, the second and the third ways of Bockstette et al. (2015) to achieve CSV are less likely to be undertaken especially by small risk averse banks taking into consideration their resource limitations. Strategic choices also play an important role in the choice of the way to achieve CSV. For example, a bank which targets local SMEs is not likely to pursue value chain financing. This is an option for banks which have customers of large companies or multinationals which work with many smaller firms in their value chains. We can also challenge the framework of Bockstette et al. (2015) by arguing that the first two ways are overlapping in that banks indirectly fuel the growth of their regional economies by furthering the prosperity of their local customers.

Findings from this research have important implications for both bank managers and stakeholders who aim to serve the society. As banks' contributions to the society have been questioned since the global financial crisis of 2008, CSV can be considered as an important means for banks to regain their credibility and legitimacy in the eyes of the society. It can also be a way to differentiate a bank from competition. Taking both of these perspectives into consideration, we recommend bank managers to adopt and apply the concept of CSV. We present in Table 1 the extent to which even a relatively small national bank can create societal and economic value along the three ways of Bockstette et al. (2015). We believe that the most feasible and impactful way is by furthering client prosperity. Targeting underbanked segments will create societal value for local communities and grow the customer base of the bank. Despite technological advances and the widespread use of internet banking, customer-centric approach and face-to-face meetings can be highly appreciated especially by these underbanked segments and create competitive advantage. The case study illustrates that it is possible to identify underbanked segments even in a developed country like Finland. There will surely be more opportunities in less developed countries. Resources are a limitation for relatively small banks to pursue the second and third ways to capture CSV opportunities. Such a limitation can be overcome through cooperation with external stakeholders, e.g., other banks. For large scale projects of the second and third ways of CSV, cooperating with other banks makes participation feasible by diminishing the risks. Regional stakeholders such as the local government and cluster managers can lobby, guide and incentivize banks in participating in cluster development projects.

This research is subject to two limitations. The first one is that it is based on a single case study of a relatively small bank in Finland. The case is interesting to explore to what extent relatively small banks can achieve CSV in developed countries, but we do not suggest to generalize the findings to large banks or other contexts. We recommend future research to use the same theoretical framework to conduct similar studies with large banks as well as banks in less developed countries. Earlier studies suggest that there are differences in terms of cluster development and availability of financing not only between developed and less developed countries (see Akpinar and Mermercioglu 2014a; Akpinar and Mermercioglu 2014b) but also between developed and less developed regions within the same country (see Akpinar et al. 2015; Akpinar et al. 2017). The second limitation of the research is that it is mainly from a managerial perspective since primary data was collected from top management. In future research we recommend to integrate a wider perspective by collecting data from other stakeholders, e.g., customers, employees, local governments, and cluster managers. A wider stakeholder perspective can help to identify more opportunities to create shared value.

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