



Creating and sharing a bigger value: A dual process model of inter-firm CSV relative to firm performance[☆]

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ABSTRACT

This study investigates the effect of CSV effort in B to B relationships and the mechanism of Inter-firm CSV and firm performance. The results show that firm's efforts of inter-firm CSV really create bigger value for investing firm and the outcome can be different depending on the relationship characteristic between the investing firm and the beneficiary firm.

This research contributes in academia and offers several valuable insights for managers. First, our research is the first to demonstrate empirically that how CSV generates positive outcomes in B to B relationships. Second, we investigated various forms of inter-firm CSV through the case studies and identified the type of Inter-firm CSV. Third, we explained how to derive better Inter-firm CSV outcome with the same investment. Lastly, we empirically showed that the effect of inter-firm CSV on its outcome vary depending on the relationship characteristic.

1. Introduction

There is consensus among many economists and corporate leaders that the ultimate goal of an enterprise is long-term survival, and it is believed that maximizing profits is the most effective mechanism for achieving this goal. Stockholders were traditionally the owners of the firm; however, in more recent years, the concept of stakeholders has been enlarged to include employees, customers, and the community in which the firm operates. Studies have shown that operating responsibly relative to the larger community and the environment improves the bottom line (Di Benedetto, 2017).

A company's awareness of responsibility towards the social and ecological environment in which it conducts business is known as Corporate Social Responsibility (CSR). Many studies have shown that a firm's CSR can enhance marketing performance by means of improving customer attitudes and strengthening customer loyalty (Homburg, Stierl, & Bornemann, 2013). However, until recently, CSR has largely focused on “responsibility”, rather than on “benefits” (Visser, 2011).

In 2011, Porter and Kramer introduced a concept related to CSR, which they called Creating Shared Value (CSV). These researchers contended that companies not only have an opportunity to contribute to the development of the greater social community, but while doing so, they can simultaneously enhance their competitive advantage.

Therefore, firms can create social value through certain business mechanisms while simultaneously collaborating with communities to make better products, improve operations, and increase financial benefits.

Since Porter and Kramer (2011) introduced the concept of CSV, there have been a number of related case studies, but no large-scale empirical studies have been conducted (Awale & Rowlinson, 2014). CSV is a meaningful subject because it changed conventional thinking regarding the trade-off between business and social value. CSV considers economic value and social value simultaneously and extends the total pool of value. If companies are to utilize CSV, it is important to ascertain whether CSV improves a firm's performance.

Porter and Kramer (2011) proposed three mechanisms by which companies can create shared value in communities: (1) reformulate products to meet customers' demands, (2) redefine productivity in the value chain, (3) and enable local cluster development. The first mechanism creates shared value by taking into account the demands of customers and markets that have previously been overlooked, but in a broad sense, it does not fall outside the scope of existing marketing strategy areas. The third mechanism involves developing collaborative clusters for related local industries, but a considerable amount of time is needed to evaluate their effects, and very few companies have such influence. Conversely, supply chain competitiveness and reliance on

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business partners has become increasingly important as more and more companies enter the global marketplace (Ciasullo, Cardinali, & Cosimato, 2017). Therefore, in the present study, we focus on Porter and Kramer (2011)'s second mechanism for creating shared value: redefining productivity in the value chain, especially in vertical B2B relationships (hereafter, "inter-firm CSV").

Our purpose is to ascertain whether a company's CSV activity leads to improved performance. The present study seeks answers to the following questions:

- Does an inter-firm CSV effort create more value for the investing firm?
- If more value is created, how can its effectiveness be maximized?
- Do the effects of an inter-firm CSV effort differ in different contexts?

2. Theoretical background

2.1. CSV vs CSR

Historically, profit-seeking was the primary means to a company's survival. In subsequent decades, however, many companies have given credence to the concept of CSR and have recognized the need to consider social and environmental issues.

In 2011, Porter and Kramer noted several limitations of CSR and provided a new paradigm, which they labeled CSV. The thrust of CSV is that pursuing financial success using a methodology that also yields benefits to society will be a win/win because the CSV approach to doing business will enhance the company's bottom line while simultaneously bringing about social change.

Porter and Kramer (2011) spelled out three limitations of CSR that companies had previously relied upon to improve conditions in the society. First, CSR viewed social issues as matters external to the firm's responsibility. In other words, social issues were considered peripheral to the company's operations; therefore, mechanisms for addressing them were regarded as costs, rather than as investments. Second, CSR focused on creating profits for owners and stockholders and did not regard entities external to the firm as stakeholders who should benefit from profit-sharing. Third, under CSR, concern for social issues was largely motivated by pressure from external stakeholders, as opposed to having been seen as an investment that can benefit the enterprise.

Porter and Kramer (2011) stated that CSV regards investment in social issues as a growth engine for a corporation, and they posited that CSV creates economic value for the company while bringing about positive social change. Thus, CSV focuses on maximizing overall economic and social value, while CSR focuses on reallocating profit that has already been created.

Several counterarguments to Porter and Kramer (2011)'s notion of CSV have been presented. They have suggested that it is problematic to call CSV a new idea because it is actually a form of CSR (Crane, Palazzo, Spence, & Matten, 2014).

Clearly, CSR and CSV share common traits, and corporate activities related to both concepts can ultimately assume a similar form. Thus, it is possible to argue that CSV is not a substitute for CSR, but a variation of it. Nonetheless, there are fundamental differences between the two concepts relative to both the company's motivation and its approach to social issues. Under the rubric of CSR, social issues are a problem to be solved, and the goal is to minimize harm to society in the process of achieving the economic goal of the enterprise. Conversely, under CSV, a company does not view social issues as problems to be solved. Rather, this approach sees social issues as opportunities to generate additional profits and lower costs. The outcomes of CSV, such as extending the total pool of business and social value, begin from this perspective.

2.2. CSV and CSV outcomes in a B2B relationship

2.2.1. Social exchange theory

The goal of this study is to measure the outcome of a firm's CSV activity in a B2B relationship. In part, the theoretical premise of this study is based on social exchange theory, which could contribute to understanding how a beneficiary business partner might respond to an inter-firm CSV investment by a benefactor firm.

According to this theory, rational human beings choose activities or relationships using a cost-benefit analysis (Thibaut & Kelley, 1959). In other words, an individual continues a relationship if the rewards are greater than the costs. Blau (1964) posited that reciprocity is the most essential characteristic in social interaction, and he argued that the relationship between benefactor and beneficiary is built upon mutual trust. The expectation of both parties is that the interaction will be mutually beneficial. Early scholars of social exchange theory contended that the expected rewards could be either economic or psychological, such as respect, loyalty, and social acknowledgement (Thibaut & Kelley, 1959).

Later studies applied social exchange theory to organizational behavior and to business relationships (Jap & Ganesan, 2000). In B2B relationships, responses can be classified into three types: attitudinal performance, behavioral performance and economic performance. The responses include trust, commitment and conflict for attitudinal performance (Sun, Li, & Martin, 2016); cooperation, organization citizenship behavior and opportunistic behavior for behavioral performance (Evans & Davis, 2005); and sales, share of wallet, and profit for economic performance (Evans & Davis, 2005). The three types relate to the responses that might be given by the beneficiary firm to the benefactor firm.

2.2.2. Stimulus-organism-response and dual process theory

Psychological research related to stimulus and response provides an additional backdrop for analyzing a B2B relationship. Stimulus-response researchers have theorized that changes in the external environment stimulate an object (stimulus) and cause an internal change (organism), resulting in a reaction (response). This response is called the Stimulus-Organism-Response (S-O-R) Model (Baron & Kenny, 1986).

In the case of a B2B relationship, a stimulus can be in the form of an environmental factor that induces a response from a partner, such as investing in or providing benefits to the partner firm. The organism is an internal process to external stimulation. Lastly, the response refers to behavioral responses resulting from external stimuli and internal processes. When an environmental change triggers a change in behavior, the internal process of the subject mediates the relationship between the stimulus and response. In other words, when a company in the relationship provides benefits to the other party, the reaction of the other party may be different depending on how internal changes progress (Bagozzi, 1986).

If that is the case, in what direction does the internal change of the motivated subject progress? Dual Process Theory posits two types of decision-making processes related to stimulus and response. This theory alleges that human beings understand and interpret an external situation and process both emotional and rational decision mechanisms (Cushman, Young, & Greene, 2010). The rational process is cognitive, deliberate and analytical, whereas the emotional process is experiential and intuitive (McNally & Titchener, 2012). In summary, humans have two processes as a mechanism for survival, and they decide what process to use more depending on what stimulus is given.

If that is the case, what will the company recognize and feel before the behavioral response occurs? In terms of the cognitive process, studies related to relationship marketing indicate that firms usually judge based on their relationship stage of the relationship life cycle. That is, a firm in the relationship rationally judges the possibility of the current relationship continuing or reversing from the stimulus of the other

party, and respond accordingly. Recently, [Palmatier, Houston, Dant, and Grewal \(2013\)](#) introduced the concept of relationship velocity. These researchers noted that prior research had used static snapshots of inter-organizational relationships, such as the “level” of the relational construct, in spite of the fact that a relationship is dynamic in nature. Relationship velocity measures both the change and direction of the commitment variable in a relationship. Knowing a relationship velocity is important because performance is largely affected by whether the relationship is developing or decaying. Thus, it is an important variable to consider when observing the customer's cognitive process.

In terms of the emotional process, authors of various studies have hypothesized that a beneficiary firm experiences “feelings of gratitude” ([Bartlett & De Steno, 2006](#)). These feelings of gratitude are somewhat compromised by a wish to keep a psychological balance between their own response and the good will of the partner. Upon experiencing feelings of gratitude, the beneficiary has a tendency to offer more emotional support, not only to the provider but also to the surrounding people ([De Steno, Bartlett, Baumann, Williams, & Dickens, 2010](#)). [Palmatier, Jarvis, Bechkoff, and Kardes \(2009\)](#) found that feelings of gratitude were a very important variable in explaining the relationship between a firm's relationship marketing investment and performance.

3. Conceptual model and hypotheses

In this study, we explored how inter-firm CSV activity affects performance and how it leads to two distinctly different paths based on the S-O-R model and dual process theory. When “inter-firm CSV” is recognized as an investment, the benefactor would expect two possible returns, improving positives and repressing negatives. Both of these outcomes are desirable. However, we explored the notion that the value of each would be different depending on two paths, cognitive and emotional processes. We determined the key variables that add more value, applied the results to companies that are engaged in inter-firm CSV activities and observed whether the outcome would vary depending on the context (see [Fig. 1](#)).

3.1. Dual process and inter-firm performance

For many years, gratitude has represented an essential concept in theories related to social relationships and reciprocal behavior. We hypothesized that gratitude, defined as the emotional appreciation of benefits received, accompanied by a desire to reciprocate, is an important variable related to understanding the characteristics of the relationship between two types, “Just good business relationship” vs. “More than That relationship.” ([Cooper & Gardner, 1993](#)).

When a firm invests in an inter-firm CSV with the intention of

positively affecting the relationship with a partner firm, and this activity generates feelings of gratitude, the partner firm expends extra effort as a form of reciprocal behavior. We characterized this spontaneous act that resulted in extra effort in the relationship as a form of relationship citizenship behavior (RCB). RCB is an outgrowth of organizational citizenship behavior (OCB), which relates to the voluntary effort of an individual within an organization. Researchers across many disciplines have recognized that after receiving a benefit, people feel an innate psychological pressure to reciprocate, and the act of reciprocation can generate pleasure. Alternatively, the failure to repay obligations can lead to feelings of guilt ([Dahl, Honea, & Manchanda, 2005](#)). The results of a related study of an economics game found that people who feel grateful make more cooperative choices and advance common financial gains at the expense of individual profits ([De Steno et al., 2010](#)). In a study conducted by [Bartlett and De Steno \(2006\)](#), grateful participants were more likely to persevere in solving a tedious problem. Grateful individuals engage in socially inclusive behaviors specifically directed towards their benefactor, even when those behaviors come at a cost to oneself ([Palmatier et al., 2009](#)). These findings imply that gratitude is one of the significant variables that elicit RCB, and it can be extrapolated to apply to spontaneous acts of extra effort in a B2B relationship.

Relationship velocity is another important variable to consider when evaluating the cognitive process in exchange relationships. We anticipated that when a customer becomes aware that the relationship trajectory is moving in a positive direction, the customer will suppress its opportunistic behavior. [Jap, Robertson, Rindfleisch, and Hamilton \(2013\)](#) found that the tendency to act opportunistically is mitigated by relational concerns. In an earlier study, [Coase \(1988\)](#) suggested, “The propensity for opportunistic behavior is usually effectively checked by the need to take account of the effect of the firm's actions on future business” (p. 44). In other words, people consider the effect that their unethical acts may have on others and are often influenced by others' opinions when deciding how to behave. Therefore, we hypothesized the following:

H1. Each cognitive and emotional process leads to different behavioral responses.

H1a. Feelings of gratitude positively affect RCB.

H1b. Relationship velocity negatively affects opportunistic behavior.

Both RCB and suppressed opportunistic behavior bring about positive outcomes. OCB, which forms the basis of RCB in this study, usually occurs in the form of “going the extra mile” for the organization and contributing time and effort “above and beyond the call of duty” ([Walz & Niehoff, 2000](#)). Such OCB contributions have been recognized

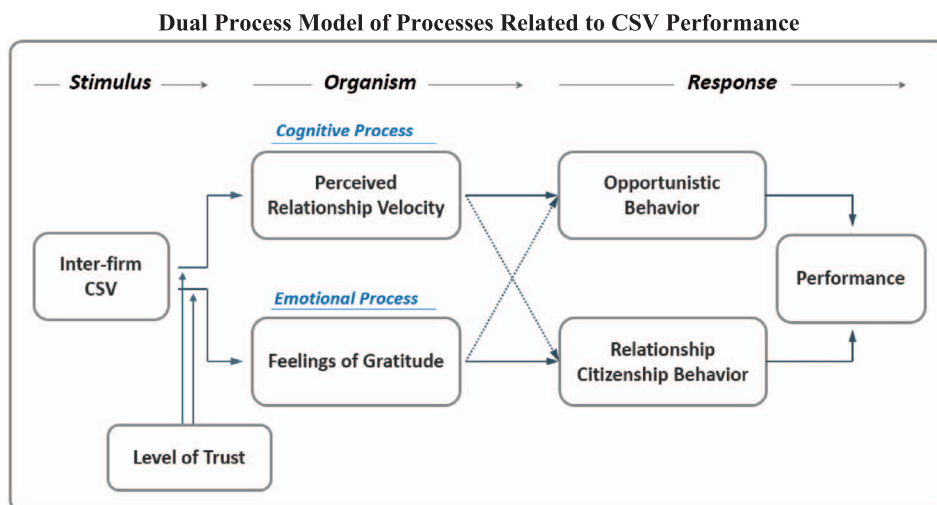


Fig. 1. Dual process model of processes related to CSV performance.

as essential to effective organizational functioning (Organ, 1990). In addition, this type of behavior facilitates the flow of tacit knowledge and is thus conducive to a more flexible workflow (Evans & Davis, 2005). Walz and Niehoff (2000) observed that OCBs are positively related to operating efficiency, customer satisfaction and customer perceptions of overall quality. Walz and Niehoff (2000) found that they were negatively related to cost, as well.

Opportunistic behavior, conversely, is more focused on cost savings. This behavior can involve manipulating data, maximizing profits, breaking promises, or not being honest in reporting certain information (Jap et al., 2013). When opportunistic behavior occurs in distribution channels, it affects business continuity by increasing transaction costs, reducing trust and ultimately weakening the ties between business partners (Jap & Ganesan, 2000).

Considering the nature of the two variables, these are distinctly different in value because RCB is a facilitator of relationships, and opportunistic behavior is the action that must be suppressed in nature. In the optimum scenario, opportunistic behavior would equal zero, whereas the limit line of RCB cannot be measured.

Therefore, we hypothesized that performance outcomes, such as products, process improvement and reduced cost, can be improved when there is considerable input and cooperation from both parties in a B2B relationship. It was assumed that working together harmoniously more effectively creates more value than does just removing negative factors. This assumption led to the following hypothesis:

H2. *RCB has a greater influence than opportunistic behavior on the CSV outcome.*

3.2. Differential effects on CSV outcome

Yoo (2017) divided inter-firm CSV activities into two categories: tangible CSVs and intangible CSVs. Tangible CSVs are the measurable benefits that can be gained for the beneficiary in the short-term. These benefits include a transparent purchasing policy, supplier support fund, and improvement of payment schedule. Alternatively, activities related to intangible CSVs are long-term, nonquantifiable benefits to the beneficiary, such as the provision of a communication center, customized training program, and technology exchange meetings with the benefactor.

Organizational theory indicates that the employees' perception that the organization cares about them and values their service and contributions leads to positive employee attitudes and behaviors. Mechanisms, such as recognition and reward, fair treatment, supervisor's support and training, enhance an employee's sense of purpose and emotional attachment to the organization (Rhoades & Eisenberger, 2002). In addition, such mechanisms have been shown to improve employee satisfaction and performance (Hassan, Nadeem, & Akhter, 2016).

However, several studies have shown that not all forms of organizational support increase the emotional attachment of employees and lead to improved job performance. Herzberg, Mausner, and Snyderman (1959) found that certain job characteristics are consistently related to greater job satisfaction, while others may have little or no effect on satisfaction or achievement. This researcher categorized these characteristics into two groups: motivators and hygiene factors. Motivators include achievement, recognition, advancement, and growth. Hygiene factors include organizational policy, salary, position, and security. These two categories provided the foundation for the two-factor theory, which states that increased effort by an individual is not positively correlated to hygiene factors, but to motivating factors.

Taking into account previous research and inter-firm CSV typology, we hypothesized that the effect of a given company's inter-firm CSV activity will be different depending upon the situation and how the benefactor interprets this activity. In the case of tangible CSVs, it was hypothesized that they would not arouse feelings of gratitude. Rather,

tangible CSVs are believed to be necessary for sustaining the relationship, and they are perceived as indicators of "how the other party views our relationship." Alternatively, it was hypothesized that intangible CSVs would be recognized as an "extra investment" that enrich the relationship but are not a compulsory component of the partnership. If a customer firm interprets the benefactor firm's intangible CSVs as an extra investment in the relationship, the customer firm would feel gratitude and view relationship velocity positively, as well. Therefore, we formulated the following hypotheses:

H3. *Each type of CSV has a different effect.*

H3a. *Tangible CSVs positively affect only the customer's perceived relationship velocity.*

H3b. *Intangible CSVs positively affect both the customer's feelings of gratitude and perceived relationship velocity.*

We also predict that the above results would be influenced by the quality of the relationship between the two firms. This expectation can be explained by means of the authenticity (Becker-Olsen, Andrew Cudmore, & Hill, 2006) and attribution theory (Kelly, 1967). According to attribution theory, the beneficiary firm infers the benefactor's motives by observing their CSV activities and its evaluation of those activities will be positive or negative depending on the inference.

In general, beneficiaries perceive a CSV activity in terms of either internal or external attribution. In the case of internal attribution, the beneficiary interprets the activity as having been motivated by the desire to create a better relationship, thus the CSV activity has a positive effect. On the other hand, a CSV activity can have a negative impact if external attributions are made that the activity was motivated by such factors as improving corporate image or as having a social justification.

According to Bae and Cameron (2006), the beneficiary's perceptions and attitudes towards the benefactor's charitable message differ depending upon how they have previously perceived the benefactor's reputation. In other words, if the beneficiary views the company as having had a good reputation in the past, they will infer that the CSV activity originated from reciprocal motives.

Therefore, we hypothesized that when the level of trust is average or higher, the effect will be similar to that described above. However, if there is a low level of trust between recipient and benefactor, certain forms of CSV investment may not achieve the expected results. When trust level is low, an investment, such as an intangible CSV activity, may not be regarded as indispensable for sustaining a healthy relationship, and may be perceived as inauthentic. Particularly in the absence of a tangible CSV, an intangible CSV may not elicit gratitude. Assuming the validity of the two-factor theory (Herzberg et al., 1959), investing in a higher level of CSV without first fulfilling a compulsory CSV activity may not lead to positive results.

Therefore, we hypothesized the following.

H4. *The moderating effects of trust are different depending upon the type of CSV.*

H4a. *The relationship between a tangible CSV and relationship velocity is not affected by the level of trust.*

H4b. *The relationship between a tangible CSV and feelings of gratitude is not affected by the level of trust.*

H4c. *The relationship between an intangible CSV and relationship velocity is affected by the level of trust.*

H4d. *The relationship between an intangible CSV and feelings of gratitude is affected by the level of trust.*

Table 1
Sample composition (n = 278).

Characteristics		Frequency	%
Industry	Electronics	49	17.6
	Information technology	48	17.3
	Retailing/wholesaling	41	14.7
	Building and construction	34	12.2
	Automotive industry	31	11.2
	Machinery	24	8.6
	Base metal/metal	13	4.7
	Chemicals	10	3.6
	Other	28	10.1
	Length of relationship	< 1 year	7
1–4 years		99	35.6
5–9 years		151	54.3
> 10 years		21	7.6
Number of employees	< 20 persons	91	32.8
	20–99 persons	94	33.8
	100–499 persons	79	28.4
	> 500 persons	14	5.0

4. Results and analysis

4.1. Characteristics of survey participants

Inter-firm shared value is created by means of a dyadic relationship between the CSV investing firm and its beneficiary counterpart. We conducted a survey of beneficiary firms, believing that they are in a better position to objectively evaluate the current level of CSV activity and performance than are the benefactor firms. We utilized the services of a professional research firm, which e-mailed invitations to 10,000 small and medium-sized companies in various industries. We also provided a direct link to a specific section of a web page and 2972 firms connected to the linked site (connection rate of 29.7%). Next, we checked whether the firms had any previous experience receiving benefits from an inter-firm CSV in a B2B relationship and extracted the proper samples. This procedure resulted in 278 valid respondents out of the 2972 firms that linked to the website for a final response rate of 9.3% (see Table 1).

4.2. Measures

4.2.1. Development of measures

Respondents completed Likert-type items on a seven-point scale ranging from (1) “strongly disagree” to (7) “strongly agree” related to the following constructs: inter-firm CSV activity (Yoo, 2017), performance (Jap, 1999), perceived relationship velocity (Palmatier et al., 2013), feelings of gratitude (Palmatier et al., 2009), opportunistic behavior (Jap et al., 2013), relationship citizenship behavior (MacKenzie, Podsakoff, & Ahearne, 1998) and level of trust (De Wulf, Odekerken-Schröder, & Iacobucci, 2001).

To assess the firm size and length of relationship as control variables, we created an open-ended question that asked for the number of employees and the length of the business relationship with the partner firm.

4.2.2. Reliability and validity of measures

We divided the inter-firm CSV activities into two types, tangible CSV and intangible CSV (Yoo, 2017) activities. Before analyzing the effect of inter-firm CSV on firm performance, we conducted an exploratory factor analysis (EFA) to confirm the presence of two distinct factors, as shown in Table 2.

The results indicated that all items except one (profit sharing) loaded on two different factors using the eigenvalue > 1 criterion.

Cronbach's alpha, composite reliability (CR) and average variance extracted (AVE) were used to validate the reliability of six of the seven measures used in this study: inter-firm CSV activity, feelings of

Table 2
Rotated component matrix of exploratory factor analysis for CSV.

Inter-firm CSV activities	Component		Group
	1	2	
Improvement of payment schedule	0.911	0.190	Tangible inter-firm CSV activity
100% Cash only payment policy	0.898	0.249	
Supplier support fund	0.886	0.293	
Transparent purchasing policy	0.880	0.305	
Profit Sharing	0.508	0.483	Nowhere
Joint product development	0.270	0.919	Intangible inter-firm CSV activity
Customized training program	0.213	0.919	
Operating communications center	0.260	0.905	
Technology exchange	0.285	0.891	

gratitude, relationship velocity, relationship citizenship behavior, opportunistic behavior and performance. The confidence level for the three indices was above the acceptable reliability level (see Table 3).

4.3. Results

4.3.1. Main effects

To validate the research model, we applied the maximum likelihood estimation of a structural equation model. The results of the analysis showed that our model fulfills the relevance criterion defined by Hair, Black, Babin, and Anderson (2006). The validation results of our hypotheses are shown in Fig. 2 and are discussed below.

Testing of the hypotheses led to three principal outcomes, the first of which was that H1a (*feelings of gratitude positively affect RCB*) and H1b (*relationship velocity negatively affects opportunistic behavior*) were validated by means of investigating the effects of relationship velocity and feelings of gratitude on opportunistic behavior. The findings related to RCB indicated that relationship velocity has a significant effect on opportunistic behavior (St.β = -0.664; t-value = -12.708), while feelings of gratitude has a significant effect on RCB (St.β = 0.639; t-value = 12.455). Additional analysis of the relationship between relationship velocity and RCB (St.β = 0.320; t-value = 6.957) and feelings of gratitude and opportunistic behavior (St.β = -0.270; t-value = -5.611) indicated that each path had statistical significance. However, the latter paths had relatively lower coefficients compared to the original paths selected for this study.

The second principal outcome was related to H2 (*RCB has a greater influence than opportunistic behavior on CSV outcome*). The results indicated that both opportunistic behavior (St.β = -0.170; t-value = -4.336) and RCB (St.β = 0.849; t-value = 16.526) had statistical significance. Because RCB showed a higher significance level than opportunistic behavior, and the t-value difference (12.190) of both paths had significance, the hypothesis that RCB is the key component of firm performance was verified.

The third outcome of the hypothesis testing resulted from the effect of perceived relationship velocity when it acts as a stimulus for the cognitive process and emotional process of feelings of gratitude. According to H3a, tangible CSV was expected to have a positive effect only on perceived relationship velocity. However, the results of the analysis indicated that both feelings of gratitude (St.β = 0.367; t-value = 7.296) and relationship velocity (St.β = 0.451; t-value = 8.083) were positively affected by tangible CSV. Additionally, according to H3b, intangible CSV was expected to have significant effects on both relationship velocity (St.β = 0.401; t-value = 7.340) and feelings of gratitude (St.β = 0.538; t-value = 10.352) and the results were as expected.

It should be noted that both relationship velocity and feelings of gratitude have statistical significance in the path analysis. However, the comparison of path coefficients revealed that tangible CSV has a greater effect on relationship velocity, whereas intangible CSV has a greater

Table 3
Correlation, reliabilities and scale information.

Variable	M	St.D	CR	AVE	CA	1	2	3	4	5	6	7
CSV(Tan)	5.45	0.94	0.96	0.87	0.95	1						
CSV(Int)	4.75	1.12	0.97	0.90	0.96	0.53	1					
Gratitude	5.06	1.01	0.97	0.90	0.96	0.63	0.72	1				
Velocity	5.24	0.94	0.97	0.88	0.95	0.64	0.63	0.62	1			
RCB	5.17	0.92	0.95	0.87	0.92	0.63	0.63	0.82	0.68	1		
Opportunity	2.69	0.92	0.96	0.89	0.94	-0.58	-0.55	-0.67	-0.79	-0.68	1	
Performance	5.20	0.93	0.96	0.88	0.93	0.60	0.60	0.77	0.70	0.91	-0.73	1

M: average; St.D: standard deviation; CA: cronbach's α ; CR: composite reliability; AVE: average variance extracted.

effect on feelings of gratitude.

4.3.2. Moderating effects of trust

We analyzed the effect of CSV activity on customers' cognitive and emotional responses and performed a multi-group analysis to determine the effect of level of trust on interaction. The results were divided into two groups, high-trust or low-trust, based on the mean point, 4.98.

Two models were created to validate the extent of the effectiveness of tangible and intangible CSVs on relationship velocity and feelings of gratitude as they pertained to a high-trust or low-trust conditions. An unconstrained model that did not limit the difference between the high and low-trust groups and an equal (constrained) model that limited the difference between the two groups were developed. If the χ^2 difference between the equal and unconstrained models is statistically significant, then there is a moderating effect of trust on the relationship between CSV and CSV outcomes.

The result of a tangible CSV effect on relationship velocity (trust high: $\beta = 0.304$, trust low: $\beta = 0.516$; χ^2 difference = 3.588) and feelings of gratitude (trust high: $\beta = 0.320$, trust low: $\beta = 0.314$; χ^2 difference = 0.003) does not rely on the level of trust. Therefore, H4a and H4b are supported. We also analyzed the interaction effects of the level of trust on the relationships of intangible CSVs and CSV outcomes. The results showed that the impacts of intangible CSVs on relationship velocity (trust high: $\beta = 0.454$, trust low: $\beta = 0.165$; χ^2 difference = 6.941) and feelings of gratitude (trust high: $\beta = 0.508$, trust low: $\beta = 0.256$; χ^2 difference = 7.255) were much greater in the high-trust group than in the low-trust group. Thus, H4c and H4d are supported (See Table 4).

According to Fig. 3, a tangible CSV affects both relationship velocity and feelings of gratitude at a certain level, regardless of the trust level (min of St. $\beta = 0.294$, max of St. $\beta = 0.481$). However, the influences of an intangible CSV on the consequent attitudinal responses are strengthened dramatically when the level of trust is high (relationship velocity: St. $\beta = 0.538$, feelings of gratitude: St. $\beta = 0.643$) compared to a low trust condition (relationship velocity: St. $\beta = n.s.$, feelings of gratitude: St. $\beta = 0.256$).

5. Discussion

5.1. Conclusions

This study empirically investigated the mechanism of inter-firm CSV relative to firm performance. We examined how each type of CSV leads to a particular behavioral outcome by evaluating attitudinal responses and the moderating variables that affect this relationship.

We hypothesized that each type of inter-firm CSV has a differential effect on relationship velocity and feelings of gratitude. A tangible CSV was expected to have a positive effect only on relationship velocity, while an intangible CSV was expected to have a significant effect on both relationship velocity and feelings of gratitude. However, the results indicated that both types of inter-firm CSVs are related to cognitive and emotional processes. This outcome was somewhat unexpected and was not included in our principal hypotheses.

The finding that a tangible CSV is related to feelings of gratitude was noteworthy. The tangible CSV was shown to be influential, as indicated by a ranking of 0.367 on the feelings of gratitude indicator. One possible explanation for this finding is that respondents had built an above-average level of trust with the benefactor firms in this study, and this above-average level of trust may have affected the outcome that both tangible and intangible CSV indicators resulted in feelings of gratitude.

However, the primary focus of this study was to compare path coefficients, and this comparison indicated that a tangible CSV more positively affects relationship velocity, whereas an intangible CSV has a greater effect on feelings of gratitude. This finding was confirmed by comparing the outcomes based on CSV types (T- > Velo 0.451 vs. T- > Grati 0.367; IT- > Velo 0.401 vs. IT- > Grati 0.538), as well as by comparing the first dependent variables (T- > Velo 0.451 vs. IT- > Velo 0.401; T- > Grati 0.367 vs. IT- > Grati 0.508). Thus, the hypothesis that each type of inter-firm CSV has a different process by which it is linked to a firm's performance was proven to a certain extent.

We also examined the link between attitudinal response and behavioral response. We hypothesized that relationship velocity is related to opportunistic behavior, and feelings of gratitude are related to relationship citizenship behavior. As expected, the results showed that

Model Estimation of Primary Effects

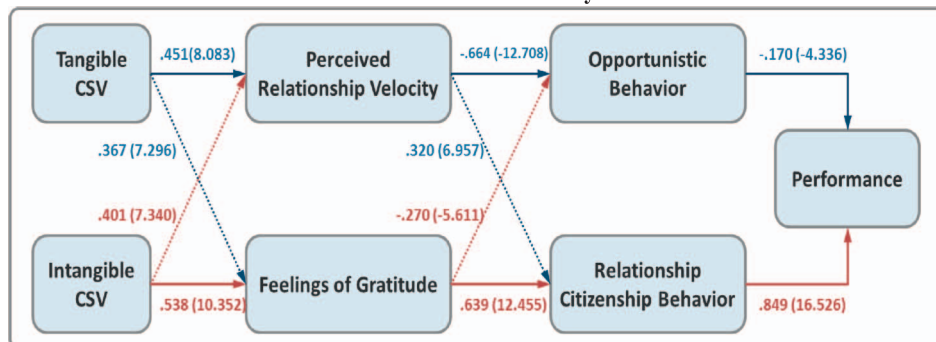


Fig. 2. Model estimation of primary effects.

Note: The solid lines indicate the primary effects; dotted lines indicate paths that were included in the empirical model to control for additional effects that were not the focus of the study. Coefficients are shown; t-values are in parentheses.

Table 4
Results of hypotheses testing for moderating effects.

Models	Trust high			Trust low			$\chi^2 (\Delta\chi^2)$	d.f.	Support
	β	St. β	t-value	β	St. β	t-value			
Unconstrained model									
CSV(Tan) → velocity	0.304	0.294	3.956**	0.516	0.481	6.093**	1132.94 (3.588)	627	Yes
CSV(Tan) → gratitude	0.320	0.312	4.647**	0.314	0.368	4.654**	1136.52 (0.003)	627	Yes
CSV(Int) → velocity	0.454	0.538	7.809**	0.165	0.152	1.786	1129.58 (6.41)	627	Yes
CSV(Int) → gratitude	0.508	0.643	9.785**	0.256	0.290	3.347**	1129.27 (7.255)	627	Yes
Equal model							1136.52	628	

If $\Delta\chi^2$ (χ^2 difference between Equal and Unconstrained Model) is larger than 3.84 in d.f. = 1, the moderating effect is significant.

** $p < 0.01$

* $p < 0.05$

relationship velocity has a significant effect on opportunistic behavior, and feelings of gratitude have a significant effect on RCB.

Additional analysis suggested the possibility of the influence of the other paths, but it was noted that the other paths had relatively lower coefficients compared with the original paths utilized in this study. We confirmed that RCB has a greater impact on a firm's performance than opportunistic behavior. Therefore, our hypothesis that RCB is the key component of firm performance was verified.

In summary, the results of our study indicated that a tangible CSV affects the cognitive path which, in turn, positively affects relationship velocity and opportunistic behavior, while an intangible CSV is related

to a more emotional process that evokes feelings of gratitude and has a significant effect on RCB. However, the relationship between inter-firm CSV activity and attitudinal response can vary depending upon the level of trust. The effect of a tangible CSV on relationship velocity and feelings of gratitude does not rely on the level of trust; however, the influence of an intangible CSV is strengthened dramatically when the trust level is high.

The above-described results can be understood in light of a benefactor firm's introduction to the CSV system and how the other party receiving benefits attributes those activities. While certain enterprises may recognize that solving social issues in the supply chain is a more

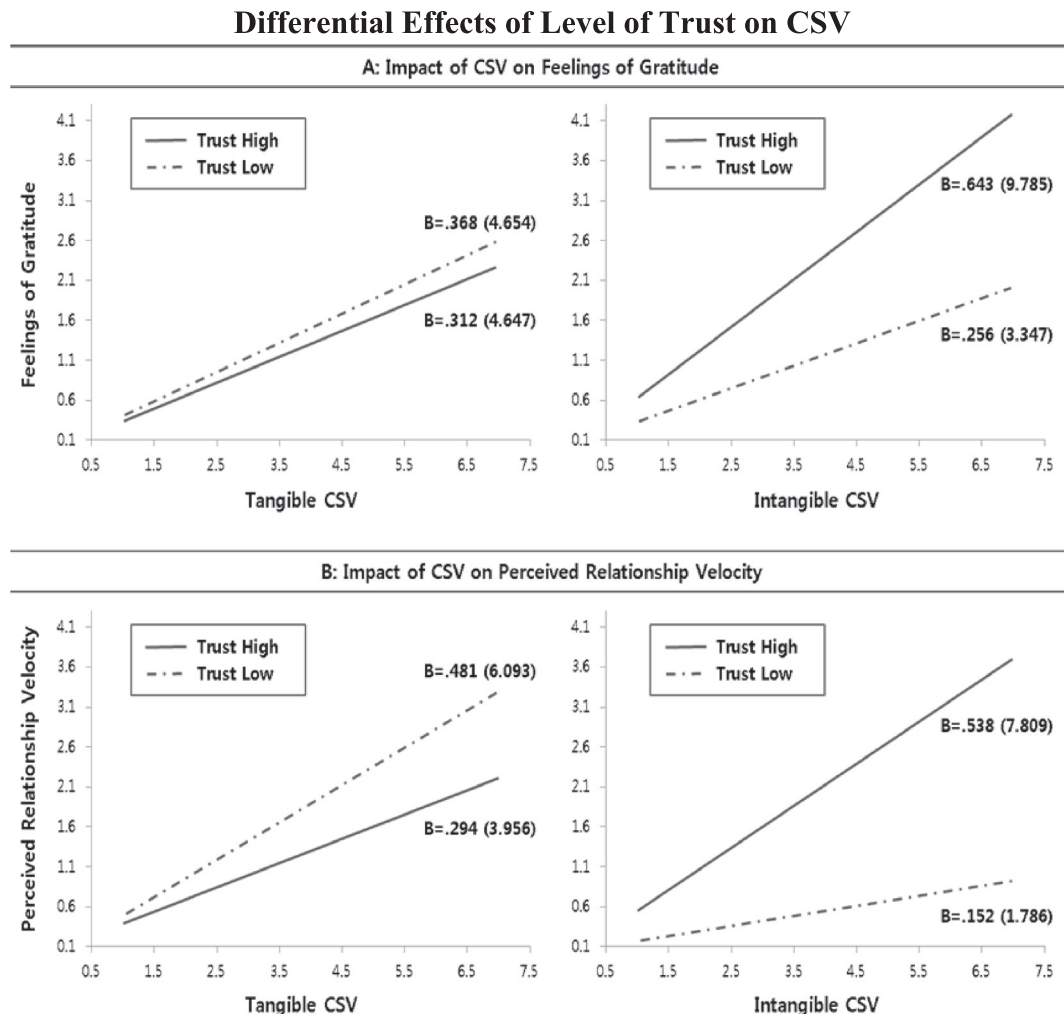


Fig. 3. Differential effects of level of trust on CSV.

effective way to achieve a positive relationship performance, others may adopt a CSV system reluctantly, hoping to meet the public's expectation that large corporations should address social problems.

Beneficiaries of the CSV system seek to understand the motivation of the benefactor firm; thus, the trust relationship plays a key role. When the trust level between benefactor and beneficiaries is low, one can hypothesize that the firm reluctantly introduced the CSV system as a means of meeting the social requirement. Alternatively, where there is a high level of trust, our findings indicate the likelihood that the company has undertaken the CSV as a long-term investment, one that will have a significant impact on both relationship velocity and feelings of gratitude, which constituted the first dependent variables of this study.

5.2. Theoretical implications

Despite widespread consensus regarding the need for the active use of CSVs in the business world, only a small number of academic studies have been conducted to investigate the use of a CSV in a B2B setting. CSV is a relatively new concept, and to date, only a limited amount of empirical data has been collected. Studies of the relationship between CSV and a firm's competitiveness, as well as research intended to discover the particular mechanisms that lead to successful outcomes, are needed. Our study was undertaken to demonstrate empirically how inter-firm CSV generates positive CSV outcomes in B2B relationships. Thus, our findings have provided a meaningful contribution to the literature on CSV.

Earlier studies related to CSR or CSV have primarily been conducted in the area of B2C (Vaaland, Heide, & Grønhaug, 2008). While it is difficult to find studies that seek to explain the influence of CSR or CSV in B2B, some studies are available related to the behavior of individual members of an enterprise from a macroscopic perspective (Homburg et al., 2013). Such studies suggest the possibility that personal values and intangible attribution may exercise an influence on decision-making within an enterprise. However, one cannot easily extrapolate from these findings whether there is a difference between consumers' decision-making and the decision-making that occurs within a B2B context.

Our study had a tri-fold purpose. First, we sought to answer the question, "Does inter-firm CSV create better value for the investing firm?"; second, we wanted to identify actual mechanisms used by firms in the B2B context. Third, by using the dual process model, we investigated how a better outcome could be generated without increasing the level of investment. To answer the first question, we looked at previous studies conducted in a B2C setting in which a positive influence occurred relative to variables such as building reliance, purchase intention, and immersion in one's business (Becker-Olsen et al., 2006). While these studies were instructive within the context of B2C, the present study undertook to examine B2B CSV by means of correlating CSV activity with a positive outcome for the firm.

To pursue the second mandate of the study, we looked at existing case studies related to real-world enterprises. Our classification of inter-firm CSV activities was exploratory in nature, and in the future, more sophisticated research is needed. Nonetheless, our study was useful because it provides a starting point for additional inter-firm CSV research.

By means of applying the dual process model, we investigated the third mandate of our study, which was to explain how a better outcome could be derived while maintaining the same level of investment. We demonstrated that each cognitive/emotional process leads to a different relational outcome and found a key variable, feelings of gratitude, that led to a differentiated outcome. We also demonstrated empirically that the effects of inter-firm CSV vary depending upon the relationship characteristics between the two firms. We noted that not all benefits elicit the feelings of gratitude (Smith, 1759), which we indicated as a key variable for differentiated outcomes. Studies in the B2C area had previously explored this phenomenon by using the concepts of

authenticity (Becker-Olsen et al., 2006). They found that if consumers find authenticity, they will have a psychological loyalty to the enterprise that will eventually lead to making a positive assessment of it. We applied this general sentiment to the B2B relationship by using the concept of trust and obtained meaningful results.

5.3. Managerial implications

The results of this research provide a number of valuable implications for managers. First, relational outcomes (RCB vs. suppressing opportunistic behavior) in a B2B relationship differ relative to their influence on CSV outcomes. Both RCB and suppressing opportunistic behavior have a positive relational outcome, but they are distinctly different in value. Whereas the purpose of RCB is to promote something positive, the purpose of suppressing opportunistic behavior is to deter something negative. Because the maximum positive level of the two constructs is fundamentally different, their influence on the CSV innovative outcome was expected to be different, and the results of our study supported that prediction. Thus, it behooves B2B managers to elicit a partner firm's emotional process that will lead to RCB to enhance the business relationship.

Second, as we hypothesized, intangible CSV has a strong impact on gratitude (0.538), but it also has a large impact on velocity (0.401). Tangible CSV has a great effect on velocity, but it also meaningfully affects gratitude. These results indicate that each CSV type is connected to more than one path. Perceived velocity and feelings of gratitude are distinct variables, and one represents the cognitive dimension while the other is an emotional process. However, the two processes are likely to work in tandem when a stimulus is given. Thus, CSV investors should be aware that each CSV activity can affect both cognitive and emotional aspects, and they should also realize that these two important variables are related to customers' perceptions of the firm.

Third, despite the above implications, not all benefits elicit a positive emotion that will lead to better outcomes. Inter-firm CSV primarily benefits the recipient, however, our data revealed that feelings of gratitude are stronger with intangible CSV than they are with tangible CSV. Thus, if a firm is aiming for a better relational outcome for its investment, intangible CSV is recommended.

The fourth and final implication of this research is the most remarkable and substantive one for B2B managers. Although intangible CSV is generally recommended for a better relational outcome, this is not applicable in all cases, due to the impact of the trust. For relationships that are based on a high level of trust, intangible CSV is more effective for generating feelings of gratitude, as well for creating a positive relationship velocity. However, when there is a low level of trust in the relationship, opposite directions and effects are indicated. In those instances, tangible CSV affects the perceived relationship velocity in a more positive way.

The implication of these findings is that managers should first understand the qualitative status of the relationship and then conduct appropriate CSV activities. If the relationship is in its initial stages and managers are unsure of the level of trust, tangible CSV activities should be carried out first. If the relationship is stable and there is a high level of trust, engaging in an intangible CSV activity is an effective way to stimulate the emotional process, which in turn will lead to better relational outcomes. Thus, our results indicated that investors in inter-firm CSV should first consider the quality of their B2B relationship and then prioritize which type of CSV should be utilized in accordance with its characteristics and the constraints of the relationship.

5.4. Limitations and recommendations for further research

Our study was subject to several limitations that provide fruitful avenues for further research. First, we collected data from the perspective of a beneficiary firm, which does not capture a complete picture of CSV activity, because it is limited to the perception of the

recipient. Further research might investigate CSV activity in detail, as well as its relationship to producing a satisfactory visible outcome from both the benefactor's and beneficiary's point of view. Such an analysis would require dyadic data.

Second, although we tried to identify key variables in the inter-firm CSV, this study was exploratory in nature. In future studies, the topic should be investigated in a more sophisticated manner.

Third, we included trust as a moderating variable that we hypothesized influences CSV outcomes. Several other contingency factors may exist relative to CSV activity. Future research could investigate other moderating variables, such as CSV awareness, extrinsic CSV attribution, and length of the business relationship.

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Conflict of interest

The authors declare that they have no conflict of interest.

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