

# THE INFLUENCE OF CREATING SHARED VALUE ON CUSTOMER RETENTION: A SYSTEMATIC REVIEW

WANG ZI XING<sup>1</sup>, WONG CHEE HOO<sup>2,6,7,8</sup>, LYU YANG<sup>3</sup>, SUDHAKAR  
MADHAVEDI<sup>4</sup>, CHRISTIAN WIRADENDI WOLOR<sup>5</sup>

<sup>1,2,3</sup>FACULTY OF BUSINESS AND COMMUNICATIONS (FBC)

INTI INTERNATIONAL UNIVERSITY, NILAI, NEGERI SEMBILAN, MALAYSIA

<sup>4</sup>DEPT. OF BUSINESS MANAGEMENT, KSHATRIYA COLLEGE OF ENGINEERING (UNDER JNTU,  
HYDERABAD), INDIA

<sup>5</sup>FACULTY OF ECONOMICS AND BUSINESS, UNIVERSITAS NEGERI, JAKARTA, INDONESIA

<sup>6</sup>DEPARTMENT OF ECONOMIC SCIENCES, WEKERLE SANDOR UZLETI FOISKOLA, BUDAPEST, HUNGARY.

<sup>7</sup>FACULTY OF MANAGEMENT, SHINAWATRA UNIVERSITY, PATHUM THANI, THAILAND.

<sup>8</sup>INTERNATIONAL INSTITUTE OF MANAGEMENT AND BUSINESS, BELARUS

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## Abstract

Creating shared value (CSV) is closely associated with customer retention, as it involves creating economic value while addressing societal needs to foster long-term customer relationships. Customer retention refers to the activities organizations undertake to reduce customer defections and maintain enduring relationships. This study employs a systematic literature review to explore the impact of CSV on customer retention, analyzing relevant literature published in Google Scholar and Ebsco Host from 2019 to 2023. The goal is to synthesize research findings with CSV and customer retention as core variables, and identify research trends over the past five years. The results indicate that most studies focus on indirect relationships between CSV and customer retention, with quantitative methods (66.7%), particularly structural equation modeling, being dominant. Research is most prevalent in Australia and India, followed by Spain and Poland, while studies in Malaysia are relatively scarce. The private service sector, especially banking, accounts for the largest proportion of research. Limitations of this study include a focus solely on literature discussing the impact of CSV on customer retention and consideration of a limited number of databases

**Keywords:** Creating shared value, consumer behaviour, customer retention, PRISMA Method, Conceptual paper, Systematic review

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## INTRODUCTION

In the era of increasing competition and the rapid evolution of the business landscape, companies are faced with a multitude of challenges that require innovative strategies to remain competitive and relevant. One such strategy that has gained significant attention in recent times is creating Shared Value (CSV), which stands for both creating 'economic' value and simultaneously creating value for the whole of society. The concept of CSV was first introduced by Michael Porter and Mark Kramer in their seminal article in the Harvard Business Review (Porter & Kramer, 2011), in which they outlined how businesses can create economic value while simultaneously addressing societal needs and challenges. This concept has risen in prominence due to the recognition that it not only enhances

the company's competitive edge but also contributes to societal well-being and sustainability

The rise of CSV has been driven by the realization that traditional approaches to corporate behavior, such as purely profit-oriented activities, have resulted in negative impacts on society and the environment. As a result, Porter and Kramer emphasized that CSV is a key component in the transition from Corporate Social Responsibility (CSR) to a more comprehensive approach to business operations (Ham et al., 2020). By adopting CSV, companies aim to create economic and social value simultaneously, thereby enhancing their reputation and stakeholder alignment while also fostering long-term success

The importance of CSV for customer retention is underscored by several studies that have explored the relationship between CSV and brand loyalty. For instance, a study found that a shared value proposition had a positive impact on customer loyalty, which is fully mediated by customer satisfaction (Salah & Abou-Shouk, 2019). Similarly, a case study of a sports company highlighted how implementing CSV strategies can enhance the customer experience and brand loyalty, even when other factors like price were equal or less favorable (Kim et al., 2021)

Therefore, this study aimed to assess the impact of creating shared value on customer retention. To understand the trends of creating share value and customer retention studies, the investigators will focus on the following aspects:

RQ 1: In which countries are the creating share value and customer retention reports published?

RQ 2: In which industry were the creating share value and customer retention reports published?

RQ 3: What are the research methods for creating share value and customer retention?

## 2. PROBLEM FORMULATION

### 2.1 creating shared value

According to (Menghwar & Daood, 2021) Creating Shared Value is defined as “transforms social problems into business opportunities, integrating societal needs into business strategies to create mutual benefits”. Therefore Creating Shared Value aims to generate both economic and social value, enhancing company competitiveness while improving community well-being. Empirical studies show a strong association between Creating Shared Value activities and financial performance, although superior financial performance often leads to greater Creating Shared Value activity rather than the reverse. (Jones & Wright, 2018) In the process of creating shared value, when enterprises improve service quality to meet customer needs, they not only create value for customers but also enhance customer loyalty, thereby promoting customer retention. (Singh et al., 2024)

Creating shared value is not a new concept and is has been a prominent research topic , Creating Shared Value can be applied in diverse contexts, including universities and sharing economy platforms, where it aligns with local culture and ethics to sustain innovation and growth (Rong et al., 2021) (Karwowska, 2021)

### 2.2 customer retention

According to (*Customer Retention: A Potentially Potent Marketing Management Strategy - Consensus*, n.d.) Customer retention is defined as “the activity undertaken by organizations to reduce customer defections and maintain long-term relationships with customers”.

Customer retention strategies often focus on exceeding customer expectations to foster loyalty and advocacy. (MadhuMalar et al., 2017) Providing an optimal customer experience is central to customer retention, as it helps in building sustainable competitive advantages and good customer relationships (Artha et al., 2022).

According to (Gengswari et al., 2013) Customer retention significantly influences firm performance, particularly through dimensions like word-of-mouth, price insensitivity, repeat purchase, and non-complaining behavior. Therefore, It is vital for profitability and is often seen as an indicator of acquisition performance (Khan\* et al., 2019).

## 2.3 Methodology

The Preferred Reporting Item for Systematic Reviews and Meta-Analyses (PRISMA) was first introduced in 2009 and then updated in 2020 by adding new guidelines, (Page et al., 2021). In this context, current researchers follow the PRISMA 2020 guidelines, adjust the PRISMA 2020 abstract checklist to determine the criteria for the system table, and adjust the PRISMA 2020 flowchart to narrow down the number of journals and papers used in the literature review by identifying reports from two well-known databases, Google Scholar and Ebsco Host.

Regarding the abstract checklist, the researchers propose a system table of 10 criteria. The 10 criteria are author, year, title, journal, research question or research objective, theory, methodology, results, contribution or significance, limitations, or recommendations for future research. In order to ensure the relevance of the systematic review, this study searched the database with the keywords of creating shared value and customer retention.

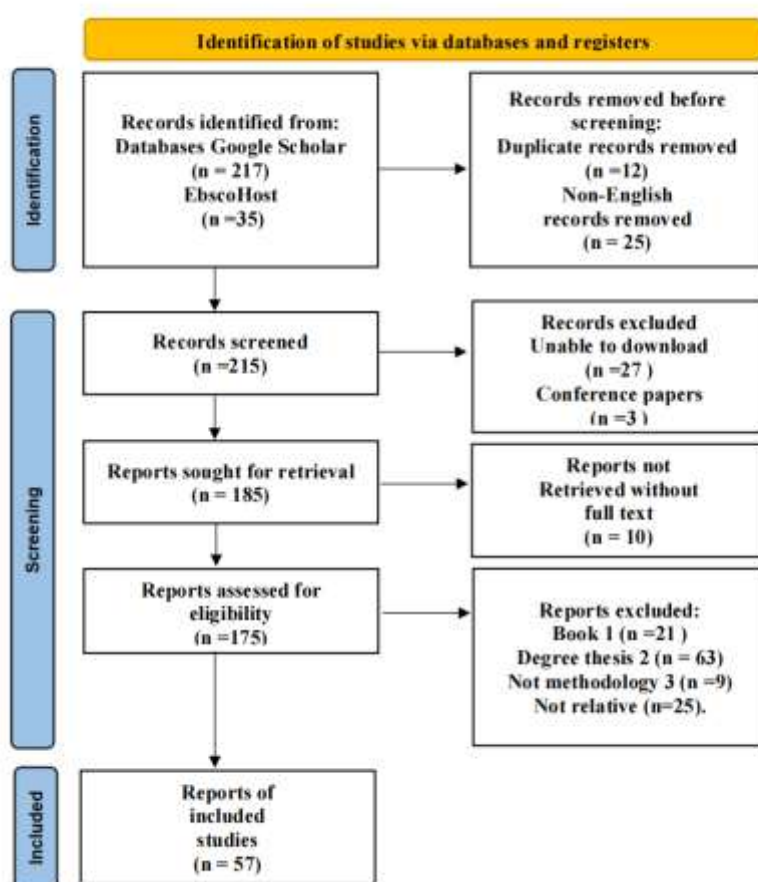


Fig. 1: PRISMA 2020 Flow Diagram for the Systematic Review of Creating shared value and Customer retention. The above Figure 1 is the PRISMA 2020 flow diagram for the systematic review of creating shared value and customer retention. To understand the flow diagram, three terms need to be clarified, namely study which refers to an investigation, report, which refers to a paper or electronic document of a study, and record, which refers to the title or abstract of a report indexed in a database. The number of journals and dissertations to be used are filtered by identification and screening and included as shown in the flow diagram. All of the steps are performed manually; the reports are downloaded as PDF documents, and the systematic table is recorded as Microsoft Excel document. In identification, records were identified from two databases, 217 from Google Scholar and 35 from Ebsco Host. Google Scholar was chosen as the database to use because of its low cost, user-friendliness, and wide global reach. Meanwhile, Ebsco Host was chosen as another database because it is widely recognized in the academic community and the EBSCO discovery service is subscribed to by Inti International University. The

records were identified by running a separate database search between 2019 and 2023 and using creating shared value and customer retention as two keywords for the title search. In order to avoid duplicate literature, 13 duplicate records and 26 non-English records were deleted before screening.

In records screening, out of 213 records 30 records were excluded because they could not be downloaded in Portable Document Format (PDF) and 7 records were excluded because they were conference papers. Subsequently, 7 of the 180 reports were not retrieved in full. In the final step of screening, the eligibility of full-text reports was assessed against the criteria of the system table, and reports were excluded for several reasons, including 23 reports that are in the books, 63 reports were degree thesis, 4 reports without methodology, 20 reports that were not related to the research topic, after a review of the literature, we found that there were few studies on the direct impact of creating shared value on customer retention, In order to fully understand the findings related to creating shared value and customer retention, so we will also include the literature that mentions the direct or indirect effect of creating shared value on customer retention in the research, Those research meet all 10 criteria in the system table for eligibility screening. Finally, 63 reports required systematic review.

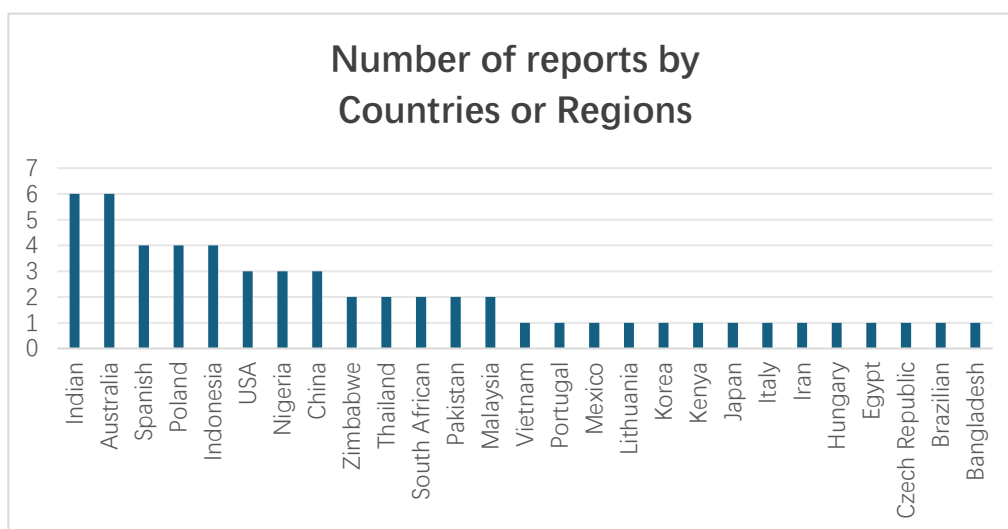
### 3 PROBLEM SOLUTION

#### 3.1 Results and Discussions

The research findings of the 57 selected reports discussed the impact of creating shared value and customer retention. The synthesis of the 57 selected reports' research findings will be used to answer the qualitative research questions

shown as follows: -

RQ1: In which countries are the creating share value and customer retention reports published?

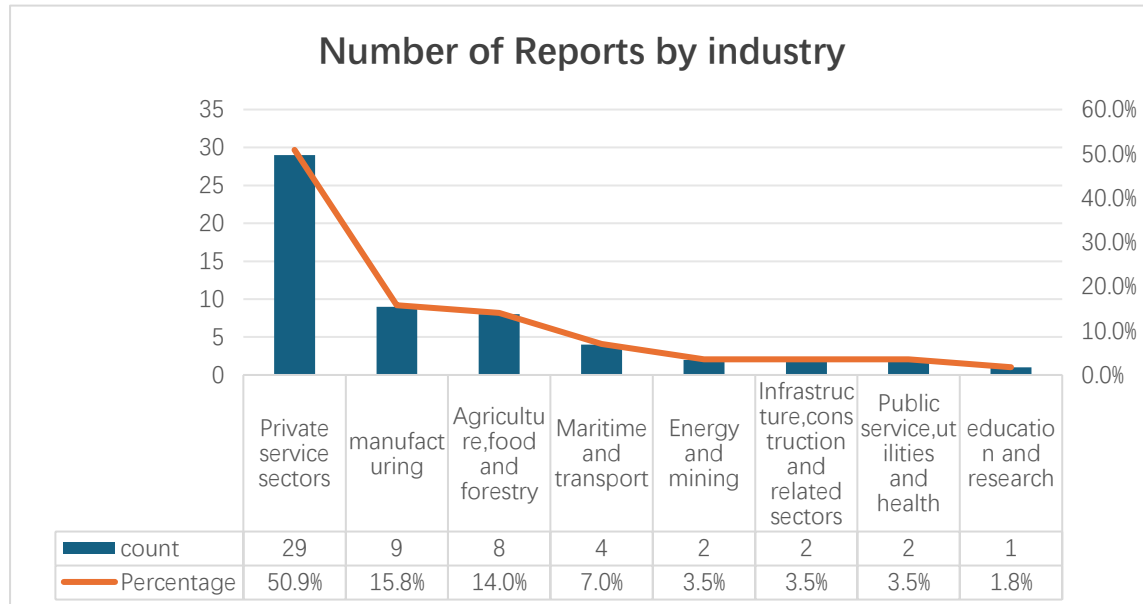


**Fig. 2: Number of Reports by Countries or Regions from 2019 to 2023**

Figure 2 above shows the number of reports pulled from the Google Scholar and Ebsco Host databases from 2019 to 2023 by first author country or region. After reviewing 57 reports, it was found that most of the studies were based on the indirect impact of creating shared value on customer retention. Regarding study characteristics, the researchers reviewed 53 reports from 29 countries or regions.. Identifying reports through the database, The five countries with the most reports can be observed through the database identification of the report: Australia, India, Spain, Poland and Indonesia. Australia and India had the highest number of publications, with 6 reports from both countries, with 12 reports from both countries, accounting for 21% of the total, followed by Spain with 4 reports, accounting for 7% of the total, Poland with 4 reports, accounting for 7% of the total, Indonesia with 4 reports, accounting for 7% of the total, and China with 3 reports, accounting for 5.3% of the total. Malaysia has 2

reports, accounting for 3.5% of the total number of reports, which indicates that there are relatively few studies on customer retention rates for Creating shared value in Malaysia.

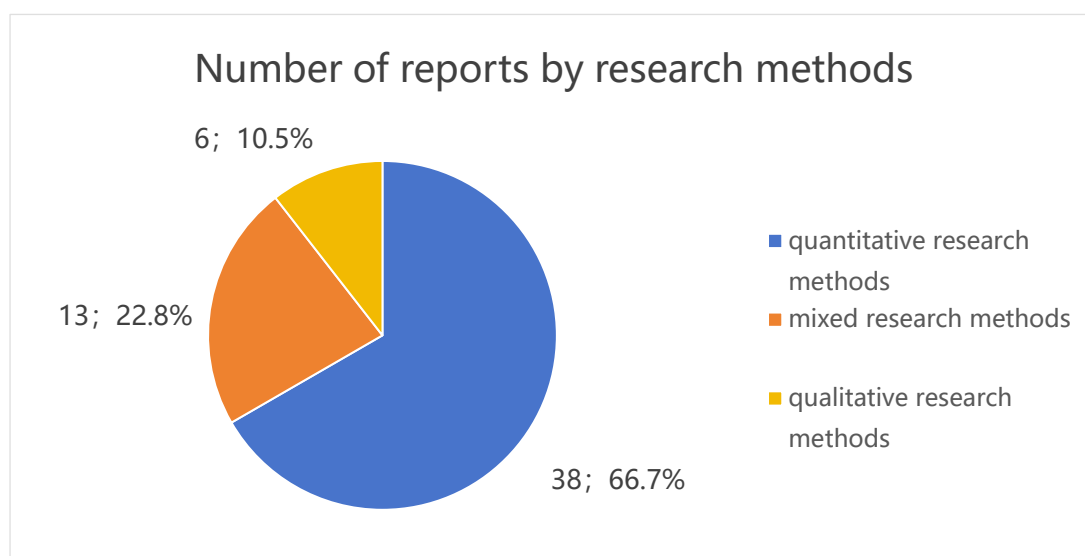
RQ 2: which industry were the creating share value and customer retention reports published?



**Fig. 3: Number of Reports by industry from 2019 to 2023**

Figure 3 shows that by classifying the 57 selected reports on the impact of creating shared value on customer retention by industry involved, The researchers by citing the industry division of the International Labour Organization, divided the industries in the study into eight industry categories .the result that The largest number of reports are private service sectors, with 29 reports, accounting for 50.9%, private service sectors are direct-to-customer terminal industries, so there are relatively more studies in this industry, and the banking sector accounts for more in private service sectors, with 6 reports. It was followed by manufacturing, with 9 shares, accounting for 15.8%, and in third place, agriculture, food and forestry industry, with 8 shares, accounting for 14.0%. Maritime and transport has 4 shares, accounting for 7.0%, and Energy and mining has 2 shares, accounting for 3.5%. There were 2 shares of Infrastructure, construction and related sectors, accounting for 3.5%. 2 for public service, utilities and health, 3.5% for education and research, 1.8% for education and research

RQ 3: What are the research methods for creating share value and customer retention?



**Fig. 3: Number of Reports by research methods from 2019 to 2023**

In the 57 reports, we summarized the research methods into three main categories: quantitative research methods, qualitative research methods, and mixed research methods. Among them, there were 38 reports related to quantitative research methods, accounting for 66.7%, and the most used methods in quantitative research methods were structural equation model (SEM). These reports examine the indirect relationship between the creating shared value and customer retention, which has a mediating effect. For example, the creating shared value is taken as an independent variable, and customer satisfaction is used as a mediating variable, Customer retention as the dependent variable (Salah & Abou-Shouk, 2019); or the creating shared value as the independent variable, and customer trust as the mediating variable Customer retention is used as the dependent variable (Choi et al., 2019); and the creating shared value is used as the independent variable, corporate reputation is used as the mediating variable, and customer retention is used as the dependent variable (Le, 2023); there were 13 reports related to mixed research methods, accounting for 22.8%. These studies cover a variety of design types, such as descriptive cross-sectional analysis, exploratory study design, experimental study, etc. For example, the study (Odhiambo & Anyieni, 2023) used a descriptive cross-sectional analysis to conduct a survey of commercial banking services firms in Kenya; some research (Lages et al., 2020) explores the value of four problem-solving frameworks in formal partnerships by comparing them. There were 6 reports using qualitative research methods, accounting for 10.5%. Among the qualitative research methods, all studies used interviews to collect data in a variety of formats, including MS Teams meetings, telephone interviews, and online structured surveys. Interview questions are mostly semi-structured or open-ended and aim to gain insight into the perspectives, experiences, and behaviors of the research subject. For example, the researchers (Sustainability | Free Full-Text | Circular Business Model Value Dimension Canvas: Tool Redesign for Innovation and Validation through an Australian Case Study, n.d.) interviewed social enterprise CEOs to understand their business models; The researcher (Mueller et al., 2023) collected the views of participants such as nonprofits on company overview, farm waste challenges, and more through telephone interviews and online surveys.

## 4 CONCLUSION

This study has provided a comprehensive overview of the current research landscape regarding the relationship between creating shared value (CSV) and customer retention. The analysis of 57 reports revealed that while Australia and India lead in research publications, there is a notable lack of studies in Malaysia, suggesting a need for more regional focus. The private service sector, particularly banking, is the most studied industry, highlighting the direct-to-customer nature of this sector. However, other industries such as manufacturing and agriculture also show significant potential for further exploration.

In terms of research methods, quantitative approaches, especially structural equation modeling (SEM), dominate the field, focusing on indirect relationships and mediating variables. Mixed methods and qualitative research, though less common, offer valuable insights through detailed interviews, providing a deeper understanding of the subject matter.

The findings suggest that while progress has been made, there are significant opportunities for future research, particularly in under-represented regions and industries. A multi-method approach is recommended to capture both the breadth and depth of the relationship between CSV and customer retention. This study lays the groundwork for such future endeavors, emphasizing the importance of a more comprehensive and diverse research agenda.

### 4.1 Limitations and Recommendations

In the Google scholar and Ebscohost database screening, we found that the research on creating shared value on customer retention is relatively new, and we have seen many studies on the impact of CSR (Corporate Social Responsibility) on customer loyalty, the impact of CSR on CSV, and the impact of CSR on customer satisfaction.



The research on the impact of creating shared value on customer retention is still less, and scholars can continue to do in-depth research in this field in the future, and in the research on the creating shared value and customer retention, most of the studies are about their indirect role, and there are relatively few studies on the direct role between them, and it is suggested that scholars can study the direct role between them in the future, such as taking the creating shared value as an independent variable. Customer retention as a mediating variable, or the creating shared value a mediating variable and customer retention as a dependent variable, to explore the relationship between them. Last but not least, the limitations of the current study are that this study is limited to subjects that discuss the impact of creating shared value and customer retention, and a limited number of databases have been considered.

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