The CSR Strategy via Corporate Shared Value: A Case Study of The Body Shop Reusable Packaging

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Abstract. This research reveals the importance of the company's commitment to developing ethical and business practices that are socially, economically, and environmentally sustainable is known as strategy Corporate Social Responsibility (CSR). The Body Shop is one of the companies that promote green business methods. The company aims to reduce landfill waste, reuse goods sold, and recycle packaging that may still be used, which is also in line with the government's Circular Economy (CE) practice program. This study intends to examine the effectiveness of The CSR Strategy carried out by The Body Shop company in Jakarta through the corporate shared value approach called "Bring Back Our Bottle" program, which asks customers to return empty product packaging to The Body Shop outlets. To complete this study, the research employed a qualitative research methodology that involved doing descriptive research and using a literature review as the primary method for collecting data and information based on authentic documents from The Body Shop and https://waste4change.com. This research is significant because the understanding of business theory focuses solely on the economic sector, whereas new theories, such as circular economies, have emerged to highlight CSR strategies to increase corporate profits while ensuring the sustainability of the social and environmental sectors using a CSV approach.

1 Introduction

The company's social impact can be both beneficial and detrimental. Companies supply the goods and services that society needs, but they also frequently engage in commercial practices that have a negative influence on society, such as air pollution, environmental contamination, and plastic waste. [1]. Plastic waste from packaging is another effect of community initiatives including cosmetics. In general, women who use makeup and skincare products in various forms, such as foundation bottles, setting sprays, and various types of skincare packages, unquestionably use throwaway items. Incorrect packaging and plastic bottle disposal will cause them to end up in ditches, rivers, and the ocean. It will form a mountain of plastic waste that cannot disintegrate naturally and takes a while to process if it is not handled properly or disposed of as little as possible [2].

The management of plastic garbage is currently a major problem and task in Indonesia. Sustainable Waste Indonesia (SWI) claims that up to 24 percent of plastic trash has not yet been managed, using the most recent research findings. In Indonesia, there are 65 million tons of garbage produced daily, 15 millions of which contaminate the environment and ecosystems due to poor management, 69 percent of which is disposed of in final disposal areas (TPA), and only 7% of which is recycled. Given that plastic garbage is notoriously difficult to digest, the volume of plastic waste is thought to be extremely vast. The ecosystem will suffer if the garbage is not recycled or controlled by the TPA [3]. The production of packaging trash for beauty products will indirectly keep rising as the beauty industry develops.

Economic, social, and environmental issues associated to sustainable development are global issues that are still being experienced by all people. The idea of the Circular Economy (CE) and this problem are closely related. Natural resources influence the economy by serving as inputs for production and consumption as well as dumping grounds for outputs in the form of garbage, according to the circular economy. [4]. Consumed products can be processed again under the circular economy approach (reduce, reuse, recycle, repair, replace). Plastic garbage is reproduced in this situation so that it can be used to create a new product. [5]. The concept of a circular economy is founded on a system that aims to maximize the use of raw materials, components, and products to reduce waste and keep it out of landfills. Minister PPN/Kepala Bappenas Suharso Monoarfa highlighted this approach in his report titled The Economic, Social, and Environmental Benefits of a Circular Economy in Indonesia in 2021. In particular, by promoting a green economy through a low-carbon and climate-resilient development plan, this economic model is used as one of the driving tools to actualize Indonesia's economic transformation. The useful value of a product can actually be constantly used in a cycle inside a circular economy, extending the product's lifespan [6].

Companies are required to have a strong competitive position and integral profitability in order to use the concept of creating shared value (CSV). According to this idea, businesses must concurrently contribute to the

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creation of both economic and social value without giving either one preference, whereby the company's distinctive resources and expertise are used to deliver both commercial and social value [7]. Many CSR strategies are developed to ensure a company's success, including those that are in line with the mission and vision of the organization to meet goals and objectives. To achieve customer success, businesses must learn about the issues that customers encounter. A successful CSR strategy can help businesses as well as society [8].

A lot of cosmetic companies have previously produced their products using this method, which is regarded as a component of a circular economy solution. Industry specialists Inside Packaging estimate that the cosmetics business generates an astounding 120 billion packaging units annually, the majority of which are not recycled [9]. Nonetheless, more companies are demonstrating that low or no waste packaging is a workable alternative. Since 2008, The Body Shop (TBS) corporation has participated in the recycling of discarded packaging through the Bring Back our Bottles initiative. The Body Shop firm offers rewards in the form of points that can be converted into gift vouchers to customers who exchange discarded packaging to TBS store. The Body Shop Indonesia initiative supports the application of the circular economy idea and is a part of the Extended Responsibility program [10]. A circular economy makes sense in a business environment in addition to being a responsible attitude to the globe under the climate crisis issue. In addition to circularity and the clean beauty movement, consumers of beauty products demand accountability and responsibility from the businesses they purchase. With the circular economy concept, companies offered their brands the capacity to satisfy consumer expectations and have a significant impact on defining brand identity [6]. Using the Bring Back Our Bottle program in Indonesia as a case study, this research questions is “how The Body Shop and https://waste4change.com implemented CSR Strategy through CSV to achieve a circular economy?”

2 Literature review

2.1 Relationship Between MNC’s and CSR

The idea of multinational firms and corporate social responsibility served as the basis for the formulation of this study subject. MNCs are aware of and have a direct relationship with the government and society as corporate organizational entities. A strategy is required to coordinate the interests of the business with all of its shareholders, the government with all of its policy components, decision-makers with the influences on them, and those who will be directly impacted [11]. The Body Shop Company's function as an international actor in Indonesia is viewed through the lens of the idea of a multinational corporation. Also, the idea of corporate social responsibility suggests that The Body Shop's participation in the implementation of CSR initiatives is an example of corporate accountability. A multinational corporation is one that handles the assets of an entity in a country other than its own and has both overseas subsidiaries and a parent company, according to the United Nations Conference on Trade and Development [12]. Corporate social responsibility is an organization's duty to take into account how its decisions and activities may influence society and the environment, according to ISO 26000 addressing Guidelines for Social Responsibility. By acting in a transparent and moral manner that is consistent with sustainable development, taking into consideration stakeholder expectations, and being mindful of public health and welfare, this obligation is accomplished [13].

2.2. Strategy CSR in Environmental Sustainability

With the current state of economic globalization and fierce technical rivalry, many companies now place a high priority on sustainable business development. Through diverse business and social actions, corporations have a responsibility to safeguard and improve society's current and future well-being, as well as to assure equitable and long-lasting benefits for a variety of stakeholders [14]. From the standpoint of the new institutional economy, CSR involves regulating and observing stakeholders' profit-seeking behaviour in a market economy. A firm must examine its impact on society and the environment in addition to its commercial condition, and it must also fulfil its duties and commitments to its stakeholders (shareholders, employees, consumers, partners, government and society) [15]. According to [16], corporate growth should place equal emphasis on CSR and short-term profit maximization because the latter is becoming an increasingly significant factor in fostering both business success and social advancement. A circular economy operates under the premise that the world's natural resource supply is finite and that the planet's ability to absorb waste and pollution is also constrained [4].

2.3. CSV in MNC’s Cosmetics Industry

A new idea for corporate responsibility was presented in an article written by Harvard professors Michael Porter and Mark Kramer in 2006. They promote the premise that businesses have a huge opportunity to support sustainable global growth if they move beyond compliance and philanthropy and actively look for connections between their operations and the development and advancement of society [7]. This idea is known as "creating shared value." A comprehensive and sustainable corporate strategy known as creating shared value (CSV) attends to the needs of society as well as shareholders. To ensure that we continue to have a good influence and to highlight the issues we face, CSV formalizes these principles, transforms them into sets of actions and goals that are specific and forward-looking, and then reports on them [17]. There appears to be some variety in CSR actions in the cosmetics sector. For instance, several organizations aim to lessen the impact of items on the environment by minimizing and avoiding packaging and using recycled materials [18]. In general, it appears that businesses in the sector have adopted CSR disclosure on the environment.
By applying the study's findings and the suggested framework to assess scenarios outside the context of the business system, corporate and international business managers can use CSV as a tool to meet market demands while addressing environmental and societal issues [19]. For the objectives of this study, CSV is displayed for society and the environment in relation to CSR in the global cosmetics industry. This CSR category consists of programs like waste prevention and recycling [20].

2.4. Connection between the Circular Economy (CE) and the cosmetics Industry (The Body Shop)

Circularity must be considered as a growth element that affects a company's business model in order to understand the relationship between CSR and the sustainable model [21]. To execute genuine long-term reform in the cosmetics sector, the notions of governance, workers, community, and environment (based on CSR policies) must completely emerge within circular economy logic. Attention given to CE so far has focused on the use of secondary raw materials (Schreck and Wagner, 2017), product reuse and recycling (Grohens et al., 2013) and waste minimization (Wang et al., 2015). The Body Shop Indonesia cooperate to recycle discarded packaging gathered through the BBOB program at outlets in Greater Jakarta and Bandung. For The Body Shop Indonesia customers, the packaging will once more be sorted according to type at the material recovery house in East Bekasi. Once these items have been separated into glass, plastic, paper, metal, and residue and separated from the residual organic waste, they will be handled and distributed to reputable recycling partners and agents. The Body Shop Indonesia aims to reduce 2 million bottles of waste through the Bring Back Our Bottles 2.0 program, which includes advancements to the full Circular Economy concept and cutting-edge, contemporary Refill Stations. The program encourages community participation by encouraging people to return used cosmetic product packaging to The Body Shop [22].

3 Research Method

The study employs a qualitative descriptive technique, which is a means of acquiring data based on aspects that can assist the research object to be studied. In this case, the interpretation of the research concept is observed, examined, and reported in a descriptive manner [23]. The major method of data collection for this study will be literature reviews. Reading a range of publications, academic papers, and other works on the issue at hand is a strategy for obtaining knowledge and facts when performing research. Key informants actively engage researchers in their work by serving as research subjects and information providers. The Body Shop and the company's official partners in processing plastic trash, provided the facts and figures based on official documents. The purpose of this literature review was to gather theoretical data so that the research would have a solid theoretical foundation upon which to build a scientific work. This research makes both theoretical and practical contributions. This study establishes a distinction between business theory and the theory of social and environmental development.

4 Results Theoretical Framework

Fig 1. Recycle goals, theoretical framework.
Sources: Author creation.

According to his theory for conducting CSR initiatives using the CSV concept in the business as proposed by Porter and Kramer, the CSV conceptualization is a more advanced form of capitalism, also known as smart capitalism, where the capacity to solve social problems is an integral part of the profit maximization carried out outside the model profit. This strategy highlights that CSV is not social responsibility, or philanthropy, but rather an innovative approach for achieving economic success and bringing about significant changes in the next generation of company stakeholders and social society [17]. Companies can follow three steps using the CSV technique, according to Porter. Reviewing the available products first. Redefining productivity in terms of value breakdown in practice is the second step. Thirdly, it permits the growth of regional clusters. In the meantime, Wibisono asserts that the mechanism for implementing CSR program activities is through the implementation of a bottom-up process, participatory process, and top-down process [17].

Because CSV offers new chances and opportunities to share a value with stakeholders, society, and the environment, it is consistent with the notion of smart capitalism and is being implemented in The Body Shop company's CSR plan. The company's primary objective is to generate benefits and value that are shared by all parties. As a result, a wave of innovation and global economic growth appeared, which sparked the development of contemporary capitalism's ideology and its interactions with the social, political, and environmental spheres. In addition to a political economy branch concerned with comprehending international relations, the environment, and the economy, green political theory also features a normative branch concerned with questions of rights, democracy, justice, citizenship, and the state. The theory branch of green IR theory consists of two sub-branches: the normative or "green cosmopolitan" branch, which proposes new norms for environmental justice and
green democracy at all levels of government, and the International Political Economy branch, which offers alternatives to regimes or governance theory analyses of global ecological problems. It's incredibly helpful [24]. New eco-essential theories have been established by certain green theorists with the goal of taking into account every aspect of human existence for itself as well as the welfare of all other living creatures, rather than only as a tool for mankind. The circular economy model is one of the key drivers behind Indonesia's economic transformation since it emphasizes a green economy through low-carbon and climate-resilient growth strategies.

5 Finding and Analysis

The concept of CSR in companies is often considered to override social and environmental considerations from their economic thinking, which is under pressure from external companies that make shared values difficult to achieve [8]. CSR practices are considered less profitable because they only carry out social activities but do not provide cost value (profit) to the company. While the CSV approach acknowledges that the community's demands go beyond the standard economic needs that drive the market, it places particular emphasis on social risks or weaknesses. With rising earnings, CSV techniques in CSR are regarded as being more scalable [17]. We argue that the CSV strategy in businesses is thought to be able to overcome the community's drawbacks and restrictions, not simply to raise costs for the business but also to open up new opportunities and chances to share a shared value with the community and the environment. Innovation results in a CSV strategy in operating CSR operations in businesses to boost productivity, develop markets, and foster positive social relations. This strategy uses new technology, operating methods, management strategies, and more smart views of capitalism.

The corporation is under pressure from both internal and external elements in order to maintain its relationship with the community as well as to be accepted by its surroundings. Additionally, it must enhance the company's economy and promote community welfare. The CSV idea refers to a company's moral obligation to society and the environment in The Body Shop's CSR program. The body shop employs a CSV approach in line with the type of packaging waste it deals with daily processed and recycled garbage. The Body Shop Indonesia urges its customers to return empty packaging from The Body Shop goods to the closest outlet for recycling through the 'Bring Back Our Bottle' campaign [22]. The processing results are used for community empowerment. The Body Shop Indonesia is attempting to educate consumers and the public through this campaign about the importance of always being responsible with the plastic packaging items they use daily in order to be able to reduce trash accumulation in the environment.

In order to handle and recycle packaging trash, The Body Shop Indonesia company has joined forces with https://waste4change.com. In accordance with the philosophy of "green politics," with a view to protecting the environment and minimizing the effects of plastic waste on the ecosystem [24], https://waste4change.com has offered services for manufacturers, industries, and brands that desire their own brand-labeled package recycling program as part of its support for the circular economy's implementation in Indonesia. https://waste4change.com and The Body Shop Indonesia have been partnering to recycle used packaging gathered through the BBOB campaign at stores in the greater Jakarta and Bandung districts since 2015. The packaging of clients of The Body Shop Indonesia will once more be sorted by category at the https://waste4change.com material recovery house in East Bekasi. Once these things have been separated into glass, plastic, paper, metal, and residue and separated from the residual organic waste, they will be handled and handed to https://waste4change.com dependable partners and recycling agencies [10]. To avoid leading to the #ZeroWasteToLandfill TPA, RDF (Refuse-Derived Fuel) technology partners will treat residual trash that is challenging to recycle. The Body Shop Indonesia did not want to add to the waste in the oceans, which was one of the reasons for initiating the BBOB program in 2008. The Body Shop Indonesia is committed to protecting the environment, managing product waste, prioritizing the use of plant-based ingredients (vegan), and refraining from animal experimentation in favor of animal rights [10]. Researchers view the actions made by the body shop and its partner, https://waste4change.com as a circular economic step by putting build shared value into practice. The Body Shop corporation's CSV idea in CSR is scalable with increasing profit in its application. The after-tax income report shows that in 2021, there was an increase from RM7.8 millions to RM43.7 million [25]. This rise in revenue is one of the outcomes of the business's CSV strategy, which included a recycling program developed in 2008 in partnership with https://waste4change.com. The advantages of CSV's new smart capitalism ideology to go beyond negative effects and create positive impacts are acknowledged by MNCs, non-profit organizations, and governments [24]. The CSV concept is regarded as effective in removing individuals from poverty, providing benefits to numerous stakeholders, and serving as a means of achieving sustainability by utilizing the circular economy concept. The existence of a campaign and the fulfillment of the launch of changes to the Bring Back Our Bottles 2.0 initiative, which were created with the concept of a full circular economy, enhanced this dedication to environmental issues. 'Refill Station,' a new program in addition to the BBOB program, has just begun. The Body Shop encourages innovation and fully embraces the circular economy idea with these two action initiatives for the company's commitment to the environment. The program's major goal is to encourage people to live more sustainably and environmentally friendly lifestyles in order to reduce plastic waste, especially among The Body Shop customers.

An example of a circular economy is the use of maximizing the value and utilization of product raw materials to reduce the amount of unneeced plastic trash by recycling and providing economic, social, and environmental benefits. The circular economy model is implemented as one of the driving forces behind
Indonesia's economic transformation, with the ideology of green theory encouraging a green economy through low-carbon and climate-resilient growth strategies [6]. The value of a product's advantages is extremely significant in a circular economy cycle and can be utilized indefinitely. A circular economy makes sense from a corporate perspective as well as from a global perspective in light of the climate problem. Consumers of beauty goods want accountability and responsibility from the businesses they patronize in addition to circularity and the clean beauty movement. Companies offer their brand ability to meet consumer expectations using the circular economy concept, which has a big impact on defining brand identity.

The Body Shop wants to make sure that the circularity principle is applied when using the packaging for its products. The Body Shop has items with packaging created from recycled waste (R8/ Recycle), such as the Avocado series product bottles made from recycled plastic waste and the packaging for its Avocado series product bottles made from recycled plastic waste carried out in Bengaluru, India, to maximize the value of circularity in its products. The container's lid is likewise constructed from recycled aluminium. The Body Shop has created a business model that makes use of resources that might otherwise be wasted even though they can still be transformed into high-value goods. The Body Shop demonstrates the application of circular economy ideas not only in its main business but also in the operations of its head office, which employs a green office concept. This South Tangerang building was awarded a green certificate between 2013 and 2018. In addition to working with https://waste4change.com, waste is actively sorted daily at the office, and staff members frequently create ornaments out of plastic bottles. 8.8% more electricity is predicted to be saved by installing solar panels in warehouse distribution hubs and office buildings. As of September 2020, the body shop has also decreased the total trash by 13,490 kg. This is similar to planting 292 trees for the next 10 years or preventing 17,667.6 kg of CO2 emissions from entering the atmosphere. Additionally, cool branding and marketing strategies are used to spread environmentally friendly values to consumers [22]. The Body Shop can serve as an example for collaboration with other parties, such as waste banks or partners who turn trash into recycled items. Goodwill efforts to manage a circular business can succeed with cooperative behaviours.

This study concluded that The Body Shop and https://waste4change.com collaborated to implement CSR activities using CSV to create a circular economy, using the Bring Back Our Bottle program in Indonesia as a case study.

- The CSV method is thought to be able to help businesses overcome the drawbacks and constraints of the community, increasing costs while also creating new chances to shared values with the environment and the community,
- CSV approach innovation in running CSR operations in business to boost output, expand markets, and promote goodwill.
- The Body Shop's CSV approach for CSR may be measured by how much it boosts revenues during implementation, motivates businesses to participate in BBOB campaigns' social initiatives, and improves the environment.
- The circular economy is an economic system that maximizes the value and exploitation of product raw materials in order to lessen the quantity of unneeded plastic waste by recycling and offering positive effects on the economy, society, and the environment.
- The CSV idea is thought to be effective at removing people from poverty, benefiting a wide range of stakeholders, and serving as a means of achieving sustainability by utilizing the circular economy idea.
- The Body Shop has two action programs that promote the brand's dedication to the environment while also fostering innovation and completely embracing the concept of a circular economy.

As a result, The Body Shop company's CSV strategy and relationship with https://waste4change.com through the BBOB campaign program are thought to be beneficial to the business, the environment, and the community as a whole, and can help actualize the idea of a circular economy.

6 Conclusion

The research findings provide an answer to the research question posed, namely that the innovation of CSR strategies through CSV activities has resulted in increased sales and strengthened stakeholder relations. The Body Shop's revenue has increased and been bolstered by its CSV strategy, particularly in commercial, social, and environmental aspects. Through the CSV approach, the CSR strategy establishes a circular economy whose impact benefits multiple stakeholders and serves as a path to sustainability. Two of The Body Shop's action programs promote the brand's commitment to the environment, foster innovation, and thoroughly embrace the concept of a circular economy.

This research makes both theoretical and practical contributions. This study establishes a distinction between business theory and the theory of social and environmental development. This research is significant because the understanding of business theory focuses solely on the economic sector, whereas new theories, such as circular economies, have emerged to highlight CSR strategies to increase corporate profits while ensuring the sustainability of the social and environmental sectors using a CSV approach. It is expected that the contribution of this theory will foster more innovative research that integrates commercial, social, and environmental concerns.

As a practical contribution, this study demonstrates that Body Shop's implementation of the CSV concept has improved both business performance and its relationships with its stakeholders. Through the circular economy concept, CSV practices have been able to reduce plastic waste, increase revenue from brands that are increasingly viewed favorably by consumers, and improve operational efficiency. This strategy benefits the environment, society, and both. The practice and commitment of The Body Shop Indonesia to the environment through the
"Bring Back Our Bottle" campaign initiative, which collaborates with https://waste4change.com, are expected to serve as an example for other businesses. This research makes recommendations for future research, such as research into integrating business with social and environmental issues and research into building sustainable business models.

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