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Article

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Creating shared value: the case of innovability at Suzano in Brazil

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Abstract

Purpose – This study aims to investigate how Suzano implemented shared value (SV) strategies to reconcile profitability and social welfare by joining innovation and sustainability.

Design/methodology/approach – The authors use an exploratory, descriptive qualitative approach using the interactive qualitative analysis (IQA) method. IQA procedures and protocols were operationalized to get to Suzano's SV system. Primary data were collected through in-depth interviews. Content analyses were conducted with the support of Atlas.ti software.

Findings – The most relevant findings of this research are (1) Suzano developed a unique strategy to spread collaborative and innovation mindset throughout the organization called “innovability”; (2) Suzano's effort to understand local community's demands and a collaborative work raised the companies' profitability and enabled prosperity for the community; (3) the IQA procedures and protocols enabled the development of a Suzano's SV system, composed of nine elements and their relationships. They are purpose-driven leadership, materiality matrix, social welfare, profitability, ecosystem, business results, social results, impact and sustainable economic development, (4) purpose-driven leadership is the system's driver.

Research limitations/implications – This study was limited to studying the implementation of the SV as a strategy to reconcile profitability and welfare. Despite the findings about the company's conflicts with local communities and the strategy with small family producers, other studies could evaluate the strategy of different stakeholders, such as the supply chain since Suzano is one of the leading companies of paper sales in Brazil.

Practical implications – By using IQA protocols and the nine elements of this study, other researchers may replicate it to investigate the adoption of SV strategies in other organizations. The SV system developed in this study may be used by business leaders to disseminate the SV policies and practices in their organization.

Social implications – The company adopts the three forms of SV -reconceiving products and markets, redefining productivity in the value chain and developing clusters with the local community-as strategies for sustainable and collaborative management. Suzano was led to get involved with the problems and conflicts' root causes. By doing so, the company unlocked innovation as a driver to achieve sustainable and responsible management. For them, innovation is in service of sustainability, creating innovability. Both concepts are part of the whole organization culture and practice. Innovability is Suzano's essence, and SV strategies are the means to scale it.

Originality/value – The originality of the paper relies on the method and techniques used to gather and analyze primary data, in which the unit of analysis (Suzano's SV strategy) was considered a system. Major findings were validated with research participants. By using IQA protocols and the nine elements of this study, other researchers may replicate it to investigate the adoption of SV strategies in other organizations.

Keywords Shared value, Innovation, Sustainability, Strategy, IQA method

Paper type Research paper



1. Introduction

Companies have been pressured by society and governments to be responsible for the negative externalities they cause in their corporate activities. For a long time, companies did not realize the numerous long-term negative impacts that their activities were causing. An important response to these concerns was given by the Business Roundtable in August, 2019, announcing a shift from shareholder primacy to a commitment to all stakeholders and enhancing sustainability as part of a company strategy.

Sustainability concerns three dimensions – social, environmental and economic – in an interconnected manner to create a future context (Laasch & Conaway, 2015). The principle of sustainability appeals to self-interest, often invoking the so-called triple bottom line of economic, social and environmental performance (Elkington, 2018). Companies are expected to operate in a way that seeks long-term economic performance, thus avoiding short-term behaviors that are socially and environmentally harmful.

Therefore, companies that intend to perpetuate the business should follow a mandatory conduct: act with social purpose and observance of social and environmental values to promote the transformation of people's lives, impacting society positively. As Annan (2002) states in his World Summit speech, "without the private sector, sustainable development will remain only a distant dream. We are not asking corporations to do something different from their normal business; we are asking them to do their normal business differently". The concept of corporate social responsibility (CSR) is strategically fundamental for companies to reconcile economic and social goals (Carroll, 2021).

The private sector assumes, then, an even greater relevance to develop economically viable solutions capable of responding to social and environmental demands in the contexts in which they operate. The new ecosystem or competitive context that arises is the result of the articulation among the most diverse agents of society, the stakeholders. Freeman and Phillips (2002) define stakeholder theory as a managerial conception of organizational strategy and ethics. The main idea is that a company's success depends on how well it manages the relationships with key groups such as customers, employees, suppliers, communities, financiers and others that can affect or be affected by its core business.

There is a growing recognition from business leaders that the social and environmental challenges in the 21st century are so complex and multidimensional that they cannot be solved exclusively by governments. Companies should be part of the solution. Therefore, the question that business leaders have been asking is how to ensure the profitability of organizations, and at the same time, meet the needs of society. Prahalad and Hamel (1994) highlight that managers are looking for new strategies that give guidance in this turbulent environment; some of which are corporate citizenship, stakeholder management, sustainability, creating shared value (CSV), conscious capitalism, responsible management and purpose-driven business (Carroll, 2016). According to Schwartz and Carroll (2008) despite many differences among these concepts and their frameworks, from the business-and-society field perspective, all of them have at least three core ideas: value, balance and accountability.

Although the above debate has been set since the end of the 20th century, the matter has not been settled by the second decade of the 21st century. Sustainability and innovation agendas are at special issues of important business top journals and are increasing relevance in administrative boards of organizations. Creating economic value seems to be connected to creating social and environmental value, combining concepts of CSR and strategy, named as strategic CSR (Carroll, 2021) and SV creation (Porter & Kramer, 2011) with slight differences and some similarities.

The challenges of sustainable development and its various systemic crises (social, health and economic), global competitiveness and rapid technological change increasingly challenge companies to innovate with a focus on sustainability (Pinsky, Dias, & Kruglianskas, 2013). A revealing case of adoption of a combined sustainability and innovation business strategy is

a large Brazilian company in the pulp and paper sector named Suzano. This article aims to analyze through empirical research how Suzano implemented SV strategies to reconcile profitability and social welfare by joining innovation and sustainability mindset to transform societal context.

The article is divided into six topics: introduction; topic two presents a theoretical view of SV; three focus methodology; topic four brings the research results; five discusses them; and six is the conclusion.

2. Shared value strategies

Scholars such as [Hart and Milstein \(2003\)](#) with creating sustainable value framework, [Emerson \(2003\)](#) with blended value proposition and [Porter and Kramer \(2011\)](#) with SV have been dedicating their efforts to answer the business leaders' question of how to ensure the profitability of organizations, and at the same time, meet the needs of society. Their studies and frameworks may contribute to guide companies to achieve a sustainable economic development and diminish social inequality through sustainable and collaborative management strategies. This article focuses on [Porter and Kramer \(2011\)](#) concept of SV creation to discuss how Suzano combined sustainability and innovation into its business strategy to reconcile profitability and social welfare.

[Porter and Kramer \(2011\)](#) defined the concept of SV through several fundamental attributes, without which SV would not be sustained and could be confused with other value categories present in the management field of investigation. SV is defined as a new way to achieve economic success and to redefine the frontiers of capitalism. It is about expanding the total set of social and economic values generated by the organization, presuming compliance with laws, ethical standards and mitigation of negative externalities caused by business.

The commitment to discover SV opportunities in operational practices and in the social dimensions of the competitive context has the potential not only to foster economic and social development, but also to change the way companies and the society see each other ([Porter, 2008](#)). For them, while SV is interconnected to the company's strategy and to social and financial results seeking to be linked to costs and rein in the corporate budget, CSR projects are separated from the strategy and the maximization of the company's profit, being calculated within the budget for a punctual project.

[Crane, Palazzo, Spence and Matten \(2014\)](#), criticize Porter and Kramer's CSR understanding saying that the authors were smart to use business language and to give a new clothing to CSR practices. However, they have a mistaken and simplistic understanding of the different phases of CSR. They ignore the real tensions between economic and social goals and stick only to the win-win projects. Endorsing that, [Beschorner \(2013\)](#), [de Los Reyes, Scholz and Smith \(2017\)](#) and [Lee \(2019\)](#) argue that Porter and Kramer look at CSR from a narrow economic perspective, since companies are not able to calculate social benefits. Furthermore, the authors, when linking CSR to philanthropy and disconnected to business strategy, are ignoring the past few decades of academic debate in the theme.

Therefore, SV creation is unlikely to be a complete approach for solving societal problems, as it is limited to those issues and concerns that enhance economic value for business ([Crane et al., 2014](#)). Porter and Kramer understand social needs not as ethically important ends, but rather as (economically smart) means for successful companies' ([Beschorner, 2013](#), p. 109). Despite some criticism, [Scholz and de Los Reyes \(2019\)](#) and [Dyllick \(2014\)](#) argue that although SV may not solve all societal problems, it should help business in this direction.

[Porter and Kramer \(2014\)](#) were given an opportunity to respond to these criticisms and presented useful explanations and counterpoints. Crane, his colleagues and Beschorner are

business ethics scholars and despite their criticisms, the debate among these authors' groups highlights the still contested nature of both CSV and CSR and strategic CSR (Caroll, 2021).

Dembek, Singh and Bhakoo (2015) points out that being a management buzzword does not avoid SV discrepancies in definition and operationalization. According to the authors' perspective, the SV concept overlaps with others and lacks empirical grounding. They also suggest investigating the methodologies applied for SV research. This may facilitate extending the knowledge frontier on SV. However, Menghwar and Daood (2021) contest that SV is a buzzword by applying a systematic literature review to investigate the vagueness and ambiguity of Porter *et al.* (2011) concept.

Through a sample of 242 analyzed articles from 2010 to 2020, the authors concluded that SV is a meaningful and incremental contribution to the strategy field of study. However, SV strategies adoption depends on opportunity and transaction costs. Additionally, Menghwar and Daood (2021) distinguish business ethics from business strategy which is an important contribution to elucidate Crane *et al.* (2014) and Beschorner (2013) criticisms. As Porter and Kramer (2014) argue, SV is not about philanthropy, social responsibility, sustainability, or ethics. It is about making business better and at the same time, making society more prosperous.

Serafeim and Gatenberg (2019) and Mühlbacher and Bobel (2018) investigated deeply SV measurement and implementation, enhancing the importance for a company to pursue purpose beyond profit. Moreover, even with the lack of consensus definitions towards sustainable management strategies, the positive point is that the debates on CSR and responsible management have moved to the corporate meeting rooms and draw the attention of the high-end companies (Porter & Kramer, 2006).

Porter and Kramer (2011) propose three forms to implement SV strategies: reconceiving products and markets, redefining productivity in the value chain and developing clusters with local communities. Menghwar and Daood (2021) at their research findings argue that SV is a variance of Porter's the five forces and value chain frameworks. They define CSV as "the strategic process through which corporations can solve a social problem which is aligned to their value chain while pursuing economic profits" (Menghwar & Daood, 2021, p. 8).

SV addresses complex social problems in their root cause within business agendas. This practice can generate long-term business competitive advantage, and at the same time solve serious structural problems of society (Porter & Kramer, 2011). CSV is not a one-time activity but a process, a series of actions or operations conducted to an end. The target societal problem has to be closely related to the core value chain of the corporation. It should be an economic yield in terms of profit; otherwise, it is not SV (Menghwar & Daood, 2021). Moreover, according to Jensen (2001) creating value maximization may be reached when profit, which is the amount by which revenues exceed costs and by which the value of output exceeds the value of inputs, leads to an efficient social outcome.

A company's value chain inevitably affects and is affected by various societal issues, such as natural resources, health and safety, working conditions and equal treatment in the workplace. Therefore, societal problems can bring economic costs to the company's value chain. The new reasoning reveals that the congruence between the progress of society and productivity in the value chain is much greater than traditionally believed (Porter & Kramer, 2011).

Measuring SV creation provides a direct connection between social and business results, as it focuses on measuring company activities and investments that drive social change and, through them, business results. From this approach, finance, strategy and corporate sustainability must work in an integrated way to better link business and social results. SV measuring indicators should establish a link between meeting social needs and improving business, evaluate the extent of economic and social value creation linked to costs and

distinguish SV measurement from other measurements of the organization, such as impact assessment, organizational reputation and compliance (Porter *et al.*, 2011).

As pointed out by Jensen (2001), the world may be complex and difficult to understand, therefore, it may be governed by complex dynamic systems that are difficult to optimize in the usual sense. But that does not eliminate the necessity of making choices on a day-to-day basis. The author emphasizes that to do so in a purposeful way the company must have a scorecard to measure its value creation. Furthermore, the proper measure for any business unit in a multidivisional company will be determined by the company's strategy and the actions that the person or division being evaluated can take to contribute to the success of the strategy.

SV policies and practices give corporations the opportunity to use their management skills, resources and capabilities to lead social progress in ways that not even the best and most well-meaning government and civil society organizations could. In this social progress, companies can regain the respect of society (Porter & Kramer, 2011). In summary, SV can be defined as competitive advantage strategies where a company deals with societal problems as it deals with business objectives, that is, within business strategy. Bergquist and Lindmark (2016) argue that as the authors of SV state that by addressing social issues SV can lead firms to innovate and pursue cost-saving paths. They continue saying that "while CSR is about taking responsibility as value is created in a production process, CSV is about creating value through a production process that is inseparable from the value creation outside the company" (Bergquist & Lindmark, 2016, p. 223).

In a different perspective, Strand and Freedman (2015) point that the field of strategic management has been traditionally dominated by an emphasis on competition and the associated objective to achieve a competitive advantage, which is exemplified by Porter's Competitive Strategy (1980) and Competitive Advantage (1985). The authors consider Porter's competitive advantage approach as an opposition to stakeholders' perspective. For them, the five forces model is championed in which the company is positioned in direct competition with its stakeholders whereas, the stakeholder's approach emphasizes cooperation between companies and their stakeholders as a more effective means of value creation. Business strategists should shift from seeking to create competitive advantage to create cooperative advantage. However, the authors recognize that CSV by promoting and expanding upon the jointness of interests between the company and its stakeholders, has its foundations on the stakeholder theory and having Porter's endorsement of this fundamental tenet of stakeholder theory is noteworthy.

The purpose, that is, the company's social mission, is incorporated in business commitments that guide materiality matrix to redefine products and services, the value chain activities and external investments to gain productivity. It also addresses specific needs not attended in a meaningful and profitable way in the external environment. The company seeks different ways to lead, thinking about how it can be a leader and establish new leadership standards for its industry. Transforming what the company does alongside how it does, will result in the complete capture of all sources of value creation linked to business objectives (Kramer *et al.*, 2020).

SV is an engine for purpose-driven companies to achieve its purpose at scale. It also helps the company to drive innovation by seeking opportunities for business and society and to create a sustainable future. Furthermore, SV increases company competitiveness and profitability by solving societal problems (Kramer *et al.*, 2020). Thompson (2018) reinforces saying that studies from major consultancies demonstrate that organizations of all sizes are recognizing that having a greater purpose than just earning a profit matter more than ever. Furthermore, according to Jensen (2001) top management plays a critical role through its leadership and effectiveness in creating, projecting and sustaining the company's strategic vision, as stated by Porter and Kramer (2011).

3. Methodology

This study is a qualitative-descriptive research based on the case of Suzano. The interactive qualitative analysis (IQA), by [Northcutt and McCoy \(2004\)](#), was the method used to guide data collection and analysis. According to [Yin \(2013\)](#), empirical case studies thrive when accompanied by theory and logical investigation, not when treated as mechanical data collection. It should be conducted rigorously, avoiding confusion with teaching cases. Reinforcing Yin's arguments, we applied the IQA method to bring rigor to this research.

The IQA method combines two objectives: it explains a theory of a system, composed by elements and their relationships and translates it into research practice. The main result of an IQA study is a visual representation of a system of how the observed perceives his/her experience. The method undertakes that knowledge and power are largely dependent. The constituencies (interviewees) are selected because they have the power and knowledge (which are inseparable) of the phenomenon being studied. For this research, we selected the constituencies from their relevant participation in the company's sustainability strategy. The participants were contacted by LinkedIn. We established our research sample by convenience. Although the method seeks to combine various techniques of data collection and analysis, it was not possible to perform the focus group due to the COVID-19 pandemic situation. Therefore, the interaction with the participants was done through videoconference, e-mail and WhatsApp.

The unity of analysis of this research is Suzano's SV strategy. Suzano is a Brazilian publicly traded company founded in 1924. From a merger with Fibria concluded in 2019, Suzano is today the world's largest pulp producer with a total of 36,500 employees and global operations in approximately 60 countries. The company is also a leading reference of SV strategies implementation and Fibria's practices has become a case study ([Smith et al., 2017](#)).

Three members of Suzano's sustainability department participated in the study. We conducted a 50-min interview by internet with them in June 2020. It was transcribed by a professional third person. We exposed Porter and Kramer SV definitions and asked the interviewees their perception about the concept and implementation forms. [Appendix](#) presents the interview protocol used to guide primary data collection.

We conducted two content analyses of the company's 2018 and 2019 sustainability reports to investigate the adoption of SV forms proposed by [Porter and Kramer \(2011\)](#), before interviewing the participants. We used Atlas.ti 8.0 to codify the reports according to SV three forms of implementation: (1) reconceiving products and markets, (2) redefining productivity in the value chain and (3) developing local clusters.

By inputting the reports and the interview's transcription on Atlas.ti 8.0, we used the software functionalities to select nine elements and their meanings by frequency and relevance to the phenomenon studied. They are purpose-driven leadership, materiality matrix, social welfare, profitability, ecosystem, business results, social results, impact and sustainable economic development.

Following IQA protocols we built with the participants Suzano's SV topological chart or SID (system influence diagram). The first IQA protocol, ART (Affinity Relationship Table) was used by the participants to indicate three possible relationships between a pair of elements. Element 1 may be a cause, an effect of element 2 or may not be any relationship between element 1 and 2. At ART, the participants also gave meaning to each indicated link using the theoretical coding protocol. Protocol 2, IRD (interrelationship diagram), is the first step in the process of rationalizing the system. It functions as an accountability chart. By counting all the relationships indicated, the result is a delta value. It indicates if an element has positive, negative or zero value. Tentative SID assignment protocol positions each element at the topological chart. An element may be the system's driver (first or second), pivot, that makes the system's function, or outcome (first or second).

The Pareto table protocol was used to find the maximum variation of the relationships. The method assumes that 20% of the affinities that will be classified according to their power of influence are responsible for 80% of the results caused by these influences. We eliminated for analysis, the relationships at 80% of descended accumulated frequency. The SID is the method result. It is a topological representation of the participants' perception of the phenomenon studied. By using the company's SID and the meaning of each link given by the participants, we analyzed the elements' relationships and compared them to the content analysis results. The purpose was to investigate the implementation of SV strategies to reconcile profitability and social welfare.

Figure 1 exposes the theoretical framework designed for this research. The constructs of this study are: The adoption of SV, strategy, profitability and social well-being. The hypothesis is that the adoption of SV policies and practices at Suzano as a strategy drives innovation to serve sustainability (innovability) to reconcile profitability and social well-being.

Figure 2 demonstrates the research flow. The IQA method was used to structure the research, which was divided into documentary research (2018 and 2019 sustainability reports content analyses) and case study. The joint of these two steps is the result analysis, discussion and conclusions.

4. Results

The results were divided into three parts: (1) sustainability reports content analysis, (2) interview content analysis and (3) IQA protocols' results. We used Atlas.ti to develop the SV three forms of adoption codes. They guided the reports and interview content analyses.

4.1 Sustainability reports content analysis results

As per reconceiving products and markets, Suzano understands that it cannot be profitable and then write a check to pay for social and environmental damages. The total cost of the product should then include improvements, incremental and disruptive innovations, environmental and social cost.

Redefining productivity in the value chain is the second code and Suzano states the long-term strategic vision of "being highly efficient throughout the value chain: from forest to customer", is directly related to the company's ability to increase forest productivity per hectare, in addition to seeking advances in industry, with the reuse of waste and the efficient use of resources.

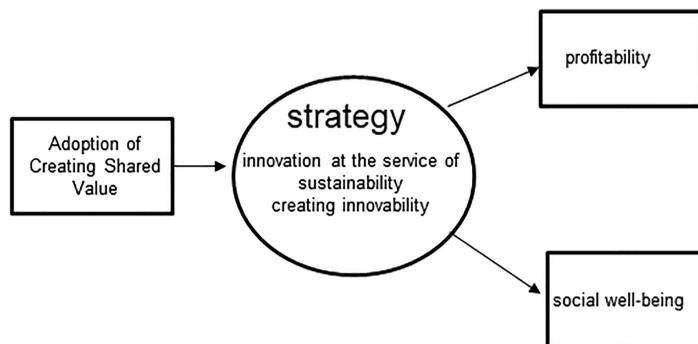


Figure 1.
Theoretical framework

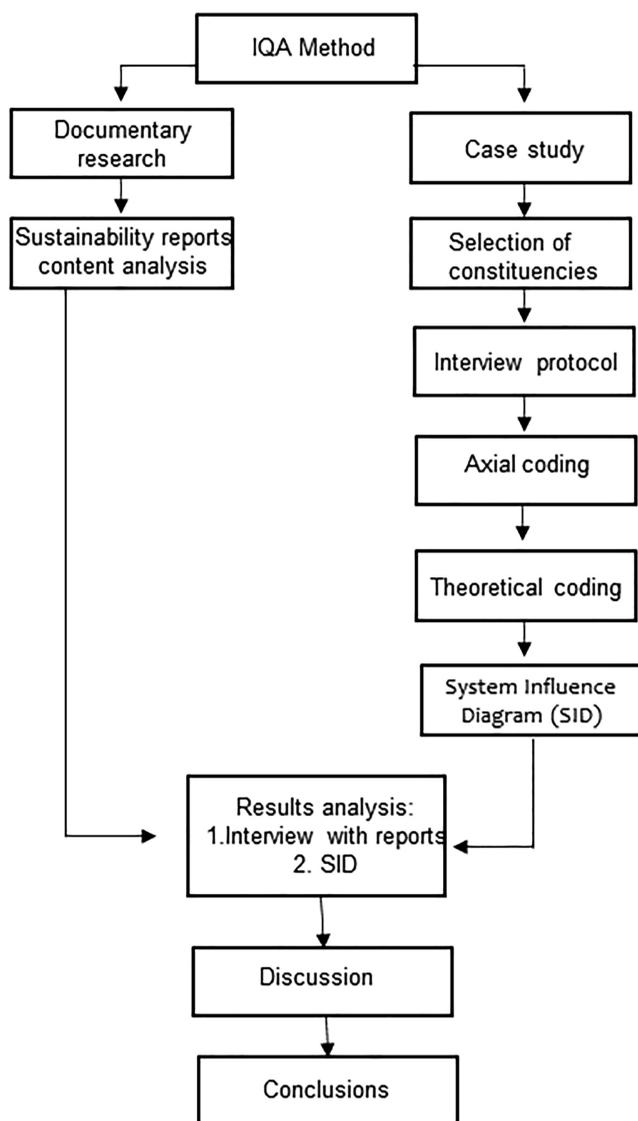


Figure 2.
Research flow

The third code is developing local clusters and the sustainability reports indicate that Fibria and Suzano’s fusion brought some anxiety among the communities that live around the companies’ operations. Therefore, the company’s target is to promote the empowerment and self-sufficiency of these populations. The collaborative work between Suzano and the community takes place through councils, in which a company team takes part and decides with the community members the themes of social investments. With the motto “it’s only good for us if it’s good for the world”, Suzano believes that it is possible to be profitable by having an inclusive and respectful relationship with people and the environment.

4.2 Interview content analysis results

Maria Luiza Pinto, the Suzano’s sustainability director at the time of the research stated the company’s cultural drivers are: we are people who inspire and transform; we generate and share value, and it is only good for us if it is good for the world.

As per the SV forms, Maria Luiza argues that they look at the tree in a much more complete way and reconceiving products and markets starts there and has to be profitable. Redefining productivity, she says, is a practice. Operational excellence is one of Suzano’s values. The company has the most competitive cost of pulp production. This competitiveness cannot happen to the detriment of the social and the environmental. Therefore, the total cost includes the company’s environmental and social impacts (negative externalities), improvements and innovation.

And she explains the concept of innovability: any investment in innovation will happen if it is also creating something that reduces our environmental impact, increases our generation of social, environmental and economic value. As per stakeholder’s relationship, she says that the relationship with the client cannot be only economic. Foreign clients come to Brazil to visit Suzano social and environmental projects and its factories.

The executive describes the company’s major challenges to create value to small family farmers: First, they had to get them out of poverty; then, develop capacity building programs and convince them to change technology. They used the technology from their father’s and grandfather’s time. The most challenging situation was introducing agroecology. It is a culture change. They are convincing people to change habits that are ingrained.

By using the Atlas.ti functionality of searching for repeated words and their frequency we were able to extract SV system elements. Table 1 is a synthesis of the elements’ meanings.

4.3 IQA protocols results

Figure 3 is the topological chart, that is the SID (System Influence Diagram) built from applying IQA protocols. It shows the system nine elements and their relationship.

In the perception of Suzano’s participants, purpose-driven leadership influences materiality matrix directly and indirectly it influences the whole system. Materiality matrix directly influences the ecosystem and profitability and indirectly it influences sustainable economic development, social results and social well-being. It is only influenced by purpose-driven leadership. Ecosystem influences sustainable economic development which designs a loop with social results and social well-being, profitability, business results

Purpose-driven leadership is defined as how the company leads the engagement process of everyone in the company to prove that it is possible to be competitive by being responsible and is translated in the company’s culture drivers

Materiality matrix is defined as the long-term indicators and goals. These goals are approved by the executive board, the sustainability committee and the board of directors and are disclosed there to the market. The targets are based on economic, environmental and social indicators. The materiality matrix enables the interests of business and society to come into tune

Social welfare is the affinity that defines indicators of a person’s quality of life

Profitability is the affinity that defines the concept of being profitable

Ecosystem is the affinity that defines the socio-economic environment where the company is inserted

Social outcomes is the affinity that defines how the company sees the indicators of social results

Business results is the affinity that defines how business indicators develop

Impact is the affinity that defines how the company follows the social and environmental consequences of its actions

Sustainable economic development is the affinity that defines how the company sees the perennity of its business

Table 1.
Elements’ meanings

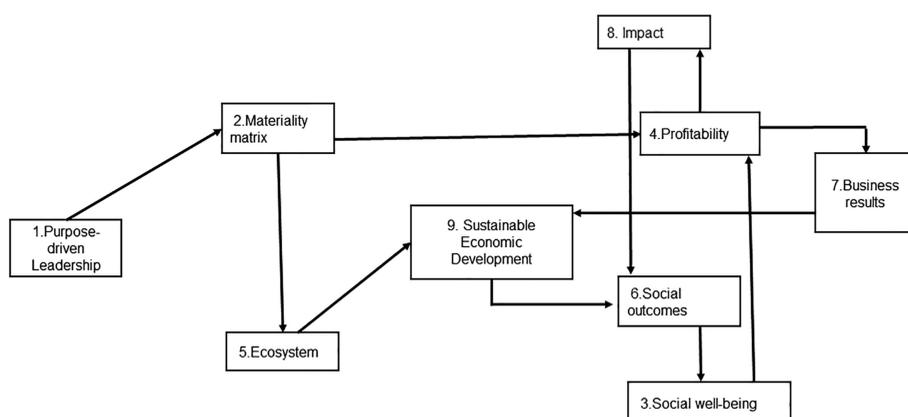


Figure 3.
System influence diagram

and impact. These elements influence and are influenced by each other. Business results are the system's outcome and influences sustainable economic development, feeding the loop again.

Moreover, the participants understand that purpose-driven leadership is the driver to the implementation of SV strategies. A leadership with purpose directly influences the behavior of everyone in the organization. Through direct communication with the internal stakeholders, the leadership's actions prioritize investments in projects considered material themes. The purpose-driven leaders identify and recompensate those who propose and perform actions, validating compensation programs that encourage other leaders to address material themes in bonus performance. Leadership also prioritizes internal innovation programs connected to the company's purpose strengthening open and transparent dialog with other organizations in the ecosystem.

The participants are concerned by the fact that no business leadership is sustained without generating short-term results. However, the ability to provide financial return for the organization with no harm to society is the great challenge of the coming years. It is translated by admired profit. This process is described by the participants as strategic and a driver for innovation.

Purpose-driven leadership influences the materiality matrix. The role of leadership in this discussion is the internal awareness about the importance of the organization recognizing its negative impacts. It is unlikely that an organization will be recognized socially without being able to transparently address mitigation actions and even interrupt the negative impacts of its processes. If leadership cannot deal maturely with this, it will hardly be able to influence internally for effective mitigation actions to happen. The materiality matrix enables the interests of business and society to come into tune.

The ART analysis indicates that the ecosystem, from the point of view of complex organizations, is directly linked to the role of leaders, whether for good or for bad. The creation of clusters that leverage sustainability innovation actions or sustainable local development, depend on organizations that are at the forefront of the process. In these organizations, leaders directly engaged in achieving these goals are fundamental. They can change the level of a sector, a region, or even a country, depending on their ability to influence and the relevance of the theme being conducted by them. It is unlikely that there will be an integrated ecosystem, with clear objectives, with the participation of all relevant stakeholders, without the existence of leaders that can inspire this movement.

5. Discussion

By using IQA protocols and getting to Suzano SV system, we identify from the participants perception the important role leadership has in the implementation of SV strategies. This finding is aligned with [Porter and Kramer \(2011\)](#) and [Jensen \(2001\)](#) argument. For the authors, purpose-driven leadership is a key element to transform sustainability into strategy. Contesting [Menghwar and Daood \(2021\)](#), [Crane et al. \(2014\)](#) and [Beschorner's \(2013\)](#) arguments, Suzano's participants considered SV strategies a fundamental tool to lead them to incorporate sustainability and innovation as part of the corporation strategy, which reinforces the argument by [Bergquist and Eriksson \(2019\)](#) and [Porter and Kramer \(2011\)](#) that businesses which create economic value by addressing the needs and challenges in society might enhance a competitive advantage.

The participants explained that there is not a department of innovation or sustainability. Both concepts are engaged into the company's strategy and are disseminated throughout the whole organization. It is a systemic concept. Suzano demonstrates as suggested by [Porter and Kramer \(2011\)](#) and [Menghwar and Daood \(2021\)](#) that social and business results are interconnected. Business objectives are defined by the means that it is good for the company if it is good for the world. The decisions are made considering the impacts for the planet, for society and for profitability. It is a win-win-win situation.

Monitoring business and social results is a strong point of SV metrics and by interconnecting indicators of these two axes, Suzano is able to visualize and correct its performance and therefore unlocks new SV. Innovation arose as an important driver to unlock SV. At the participants' perception, the involvement with stakeholders designed an innovation movement inside the company's process of developing products and looking at new markets. Innovations and sustainability are part of the organization's cultural drivers, generating what was named by them as innovability.

By bringing the social perspective to business strategy and incorporating stakeholders' needs, as suggested by [Porter and Kramer \(2011\)](#) the company could listen to demands not defensively but from a different perspective, co-creating opportunities. The content analyses, the participants' testimonials and the definitions of the forms of implementation and measurement of SV placed by [Porter and Kramer \(2011\)](#) and [Porter et al. \(2011\)](#), indicates a business mindset change.

The research findings clearly show that Suzano's SV system composed of nine elements and their cause-effect relationships was of great value to discuss how Suzano implemented SV strategies. From the participants' perception leadership has a fundamental role to disseminate a more collaborative, inclusive and responsible mindset in the organization. The diagram clearly demonstrates how this flow happens. Purpose-driven leadership is the system driver and Social and business results are system's outcomes, as SV measurements suggest ([Porter et al., 2011](#)).

By linking the elements, the participants described the connection between business practices and strategic objectives. As pointed out by [Carroll \(2021\)](#) and [Porter and Kramer' \(2011\)](#) SV policies and practices have dominated managerial and academic debate in the last ten years. SV has inspired and given practical tools for Suzano's leaders to spread collaborative and innovative mindset throughout the organization to reconcile profitability and social welfare. Suzano's unique innovability and strategic performance may be an inspiration to other organizations.

6. Conclusions

This article aimed to analyze how Suzano implemented SV strategies to reconcile profitability and social welfare by joining innovation and sustainability to transform societal context. One of the major challenges to implement its innovability strategy was to understand local

community's demands and work collaboratively. Suzano declares the company wants to be recognized as a leader and agent of transformation in the combined development of innovative and sustainable solutions.

The IQA procedures and protocols enabled the investigation of Suzano SV strategies as a system, composed of nine elements and their relationships. The elements are purpose-driven leadership, materiality matrix, social welfare, profitability, ecosystem, business results, social results, impact and sustainable economic development. The SV system analysis enabled the participants to think about each element's meaning and how their relationship influenced SV implementation in Suzano. For them, innovation is in service of sustainability, creating innovability. Both concepts are part of the whole organization culture and practice. Innovability is Suzano's essence and SV strategies are the means to scale it.

The process of implementing SV strategies was a decision made by Suzano's leaders long ago. Because of a huge financial problem and a conflict with local community, Suzano was led to get involved with the problems' root causes. By doing so, the company unlocked innovation as a driver to achieve sustainable and responsible management. SV strategies' adoption is a long-term strategic vision for a business to reconcile profitability and social welfare. Moreover, other researchers may replicate this study to investigate the adoption of SV strategies in other organizations.

6.1 Research limits and further studies

The research findings showed that SV strategies is a driver for innovation in the case studied. Therefore, future studies could consider it as a dimension to be analyzed in the implementation of SV strategies in an organization. Suzano's case could also have a second longitudinal case study deepening the company's innovation practices from SV perspective.

This study was limited to studying the implementation of the SV as a strategy to reconcile profitability and welfare. Despite the findings about the company's conflicts with local communities and the strategy with small family producers, other studies could evaluate the strategy of different stakeholders, such as the supply chain since Suzano is one of the leading companies of paper sales in Brazil.

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Further reading

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Appendix

Interview protocol

Question 1: What is your perception of the following ideas?

The purpose of the company must be redefined as that of generating shared value, not only that of profit alone. This will fuel the next wave of innovation and productivity growth in the global economy. (Michael Porter)

Question 2: What, in your perception, are the challenges and opportunities that a company faces to implement SV?

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