The Evolution of Strategy: An Opportunity for Cambodian Business Models

By Kenneth Paul Charman, PhD
Professor, CamEd Business School

1) Strategy, Evolution, and New Business Models

The Case for Cambodian Business Models

Understanding the strategy process, from an idea or a concept to a business model that provides value for customers, to a genuinely profitable business, is core skill. Knowledge of the strategy process provides both a rationale and usable frameworks to measure and assess ourselves, the world around us and the decision-making environment in which we operate. Studying strategy is not a guarantee for an idea, let alone a successful business, but using the strategy process can help us stay on track and avoid mistakes. Strategy also provides a platform to showcase business successes and failures, an important component of what is a core discipline in business education.

Like any science or discipline, strategy evolves as knowledge evolves. New regions emerge, new areas of competitiveness emerge and business models emerge. For strategy, one of the most important changes to the external environment in recent years has been the growing interest in the role of firms vis-à-vis society. These are represented by the incorporation of Corporate Social Responsibility (CSR), Responsible Business Conduct (RBC), and Environmental, Social and Governance reporting (ESG), into the competitiveness framework, and the emergence of Creating Shared Value (CSV) as a new basis for business models.

New kinds of business models have always shaken the world into thinking of the real core elements that add value and how value is perceived by customers. For example, low-cost airlines, streaming of music and entertainment, delivery to your home instead of going to a shop. All of these have changed perceptions of how customers see value in a world that is changing fast and where these new business models and disruptive technologies appear and become mainstream so quickly. In this new environment for strategy, Cambodia has new business models to offer and to consider as models which can contribute to the evolution of strategy worldwide.

The Strategy Process and the Strategy Frameworks: The Focus on Competitiveness

Since the mid-20th Century, when the subject of strategy became mainstream in business education, it has remained focused on concepts of adding customer value, establishing priorities, facilitating coordination and making decisions complementary, and focusing on long term objectives.

Competitive advantage for a firm is the objective, the ability to outcompete rivals. Creating a vision, determining your direction, how you are going to be competitive, and building the skills and the organization to do it, that’s strategy. At its core, strategy incorporate values, evaluating the market, evaluating yourself, building a credible business model based on the value provided to the customer, and choosing to deliver products and services to provide this value, whilst producing it at a profit. Core values are strong driver in strategy, showing the world who you are and whom you are not, and these principles have been shown to hold in a rapidly changing world.

Strategy in a Changing Environment

In the study of strategy up till the 1990s, the focus was profit, evolving into what we know as shareholder value. However, concepts such as CSR, governance, and more recently RBC and ESG, were emerging, and the subject of strategy has taken them into account.

Nowadays, strategy is facing a changing world. The focus of strategy is still on competitiveness, but with wider stakeholders, and societal impact, in a world of disruptive technologies. New business models and strategies due to technological change, geographic and cultural trends are emerging, but also new business models due to changes in core values, exemplified by the developing frameworks which underlie CSR, RBC and ESG.

Whereas strategy in the 1970s and 1980s may well have focused on shareholder value, strategy in 2026 needs to focus on a company's business model and wider activities, and how these contribute both to shareholder value and, more widely, social needs. Customer value is now considered alongside reputation and reputational risk. Nowadays, strategy is concerned with broader issues than shareholder value, and this is manifested in the ethics of company activities, reporting of impact, and the strategy and the business model itself.

2) The Growth in Recognition of the Wider Responsibilities of Business

The Recognition of Stakeholders: The Contribution of CSR

The wider responsibilities of companies, both to the communities and environments in which they operate, and more widely to society, have emerged over the past few decades. In particular, both earlier work on governance and CSR have introduced and nurtured the concept of stakeholders.

CSR itself relates to a spectrum of company activities incorporates the treatment of employees, customers, suppliers, relations with investors, communities, NGOs, the government, the media, and environmental impact. Under CSR principles, any individuals or groups affected by a company's actions are considered stakeholders. These include internal stakeholders such as employees, the management, and of course shareholders. External stakeholders include customers, suppliers, communities, the government, and NGOs.

CSR was first mooted in the 1950s, has really contributed by identifying stakeholder groups, and recognizing a company's activities to mitigate negative impacts of a company's activities on these stakeholders. CSR nowadays is seen extending beyond the realms of responsibility to immediate stakeholders to the wider communities less directly impacted by the firms' activities, and in Cambodia many CSR activities go to outreach to schools, health centers, groups and communities in the provinces.

Many firms worldwide consider that good CSR is good for business, and the negative impacts of company behavior, can greatly harm a company's reputation. Strategy recognizes the importance of CSR, the intent of the company and the actions it takes. CSR are now considered much closer to a company's strategy, and an important component of the overall perceived value of a company to society.

Responsibilities in Company Actions: The RBC Framework

Responsible Business Conduct (RBC) is an internationally agreed framework, which focuses on actual business operations and management, based on the principle that businesses should proactively manage their impact on society, the environment, and the economy. RBC first appeared as a framework for business conduct in the OECD Guidelines for Multinational Enterprises in 1976 and first established the standards for environmental, social and human rights issues, which have since been adopted in ESG reporting. The latest revisions to the RBC framework were in 2023. According to the OECD, RBC is all about making sure that the activities of businesses and investors are aligned with the needs of society, and focuses on the operations of global supply chains and markets to reflect the needs of the societies.

RBC incorporates cooperation with governments, businesses and stakeholders to promote public policies, due diligence, and enhance access to remedies where standards appear to fall short of meeting the needs of societies. The 51 adherent countries to the RBC framework set up National Contact Points (NCPs) to build awareness and to contribute to the implementation of RBC principles in affiliated countries. In particular RBC includes actions which emphasize integrating sustainability and ethical practices into core business strategies and supply chains. RBC provides a framework, including guidelines for remedial actions for five areas:

- *Human Rights and Labor Standards*; including respect for human rights, decent work, freedom of association, collective bargaining, and such issues as the elimination of all forms of forced labor or child labor; equality and non-discrimination, ensuring fair treatment in employment and hiring practices

- *Environmental Responsibility*; including environmental protection, encouraging firms to take a proactive approach to environmental challenges
- *Business Integrity and Ethics*; covering anti-corruption, including extortion, bribery in all forms, transparency and disclosure
- *Stakeholder Engagement and Governance*; respecting all stakeholder interests, including employees, investors, and local communities
- *Social impact*; inclusive growth, consumer value, providing safe products and engaging with customers in a responsible manner.

By providing guidelines for companies to take actions to mitigate damage due to their own actions, and remedial actions to rectify transgressions, RBC has become a template for action towards transparency and accountability, with increasing attention from businesses, regulators and educators.

Assessing Sustainability for Investors: ESG Reporting

Environmental, Social and Governance Reporting (ESG), was first put forward in 2004 in a joint initiative report by financial institutions and the United Nations. ESG draws from earlier frameworks for Corporate Governance, such as the Cadbury Committee in 1991 in the UK, which established governance, including specific roles of non-executive directors as independent overseers of a company's business activities and impact on stakeholders.

ESG draws from and overlaps with CSR and governance principles. ESG provides a specific measurable framework for investors to identify and evaluate the financial risks and opportunities of a company arising from issues related to sustainability and ethical performance. "Environmental" issues relate to such factors as impact on climate change, use and overuse of resources, impact on pollution. The "Social" component relates to such factors as employees, customer satisfaction, community relations, diversity and inclusivity. Governance issues relate to how the Board of Directors is structured, executive pay, transparency and the rights of shareholders. Nowadays, many firms provide ESG reports and some incorporate ESG and into their overall strategy, and is commonplace amongst Cambodian listed companies.

Where Do CSR, RBC and ESG fit into the Strategy Process?

Widespread adoption of frameworks, Governance, CSR, RBC and ESG and recognition of responsibilities to stakeholders, company actions, and reporting on sustainability and ethical performance are having an impact on strategy. CSR is seen as positive image and good for business, and also as a genuine way for companies to give back to society, something embedded in core values. RBC provides a code of conduct based on human rights and provides a fundamental guidance for firms on how to remedy situations where company's performance maybe considered out of line. ESG reporting is used to demonstrate wider impact on social sustainability issues and the environment to investors. These are all now seen as good for business or at the very least preserving reputational risk.

Each adds dimensions to the strategy process, and recognize the extent to which companies rarely act in isolation, that ecosystems in business exist and that costs and benefits are shared and spread. Nowadays it is valid to consider both shareholder value and stakeholder value. Measuring the impact on your stakeholders, the impact on the distinct groups a company benefits, such as schools in the provinces, women's or men's support networks, the environmental impact of CSR activities is now much more commonplace. CSR, RBC and ESG add dimensions to strategy because environmental and ethical impact are important and have consequences, and addressing the social needs of wider communities could also help develop markets in the future for products and services which also address needs such as the availability of banking services, insurance, education, transport, and access to healthcare to name but a few.

The Strategy Response: Creating Shared Value (CSV)

Creating shared value, first put forward by Michael Porter and Mark Kramer in 2011 brings the concepts forward to a strategic viewpoint, where a company makes a profit, but also directly provides a social need through its business model. Shared value, where you are directly doing good things for your customers by addressing social needs, whilst making a profit, directly focuses on the products and services that a company provides and the benefits that these bring to individuals and communities. The more benefits that are provided through social impact the more willing people are to pay for them, whether it is education, financial services, healthcare, entertainment, culture, wherever society has a demand. Measuring the impact on both profitability and societal impact of the products or services the company provides is an emerging field. Measure the direct impact on health, education, local economy and any other results which could be deemed as being beneficial to social needs. The concept of CSV opens these doors for strategy to embrace.

3) A Shared Value Survey of Businesses in Cambodia

Attitudes to Social Impact: Surveys of Business Owners and Managers

At CamEd Business School we have undertaken surveys on strategy and shared value approaches in Cambodia since 2020. The following examples and quotations are taken from surveys 2020-24. The surveys have brought a very consistent set of results, that shared value approaches are commonplace in Cambodia and that many businesses see their commitment to internal and external stakeholders to be an important aspect to growing their businesses. Business sectors surveyed have been wide ranging, including interviews with business owners or managers in a diverse range of sectors in Cambodia, including:

- *construction and repair; road repair supplies, construction materials, auto repairs*
- *manufacturing; production of cotton and paper bags, sale of clean water to provincial locations, paper and packaging using waste and recycled paper, environmentally friendly char-briquettes (biofuels)*
- *drinks and food, instant noodles, sugar juice, beer production*
- *banking and finance; e-banking services, insurance*
- *trade and wholesale; import, export and logistics, e-commerce platforms connecting buyers and sellers, sales of refrigerators and air conditioners*
- *retail trades; diamond and jewelry retailers, natural and ethical beauty brands*
- *coffee shops and food retail; coffee franchises, tea and coffee shops and stations, mobile food delivery, restaurants, drinks, food and snacks providers*
- *travel companies; homestay living in Cambodian provinces, travel agents,*
- *healthcare providers; clinics and pharmacies with outreach to regions*
- *education; schools, and private education providers.*

Cambodian firms surveyed have included both the very small and the very large, with many being very young firms in their first years of business. Around 40% of firms considered themselves to be serving new and underserved markets, an important indicator in shared value where often the target groups of customers, often lower-income groups are target markets because they are underserved. A very high percentage of companies, well over 80% stated that they consider that they are addressing a social need through their business.

Examples have been providing through their business model (all are quotes from interviews and open-ended questions):

- *"Making healthcare more accessible to people with a lower level of wealth"*
- *"Providing healthy and fresh nutrition for people with concerns about their health"*
- *"Education and improvement to life through encouragement of house ownership and entrepreneurship (financial services)"*
- *"Safety need for customers, with production techniques having a positive impact on the environment, and job availability for poorer people"*

Over 90% of firms surveyed considered that their product or service would benefit the communities, with examples such as (quotes from business owners and managers):

- *"The company has created 180 jobs for the community"*
- *"People develop a deep understanding of illness and how to protect themselves, and could decrease spending on unnecessary medicines"*
- *"The company recycles used road facilities so they reduce the amount of waste products"*

- *“Since the shop is supporting the farmer and help with training in growing vegetables, the shop will also support the community by buying organic vegetables to use in the shop as ingredients for the food”*.

Amongst businesses interviewed may saw market expansion, including (quotes from interviewees):

- *“Increasing customers reach, increasing the loans taken out for smaller and medium sized businesses, improved technology and public awareness”*
- *“Increasing market demand in the understanding of health benefits from sugarcane drinks”*
- *“The on-going transactions and the number of customers using the App”*
- *“Reducing the unemployment rate, and improving staff soft skills”*
- *“Encouraging staff to reach their goals”*
- *“Providing good quality organic products”*
- *“To use domestic waste to produce cotton paper”*.

Since the surveys were undertaken (2020-24), there has been a strong and growing commitment to CSR in Cambodia, with many large and small firms undertaking outreach projects to address the needs of local communities, especially in education and in healthcare and for minority groups.

We see companies in the farming sector, banking sector, insurance and a wide range of sectors both targeting social needs such as access to basic services, and outreach to underserved markets, and new business models to share development costs and benefits throughout the business and sector eco-system, rather than focus on profit retention. There are examples in several sectors in Cambodia which exemplify creating shared value (CSV) principles, showing how business solutions can provide access to banking and financial services, education, healthcare, and where sectors such as farming can operate as ecosystems rather than competing business.

Cambodian shared value, CSR, RBC and ESG initiatives come from many sectors. For example, at the larger scale, inclusive insurance, banking and financial services, community outreach through pharmacies. Coffee shops providing good jobs with training for local people. Most of the companies in Cambodia have strong shared value principles, and this is very consistent with how strategy as a discipline is evolving to address both emerging markets and social impact.

4) Incorporating Changing Attitudes: An Opportunity for Cambodian Cases

How Does the Subject of Strategy Incorporate the Wider Responsibilities of Business?

Strategy is still based on the concept of competitive advantage, and this will remain. The emergence and growth of CSR, RBC and ESG and the concept of Creating Shared Value (CSV), are resulting in new business models which build competitive advantage, albeit in a changing environment where business is embedded in an ecosystem, where shareholder interests are still prevalent, but where stakeholder interests play far more of a role. Strategy tools and frameworks are, and will be used to assess more broadly the firm within its ecosystem, and turn ideas into competitive advantage. The environment for business is changing, but competitive advantage for firms and comparative advantage for countries will still remain, as will strategies to achieve them.

Building the skills and resources to achieve competitive advantage, assessing our own competitiveness as an individual is something that is being incorporated into teaching strategy. New areas of strategy directly focusing on social need, such as health economics and education provision, will most likely become mainstream. The fundamentals and the tools will stay the same, and some new ones will emerge. For example, cluster mapping, a core component of strategic analysis over the past three decades, overlaps with supply chain management, and will emerge again. New analytics to measure performance in RBC and ESG will have an impact on competitiveness, but competitive advantage will still be an ultimate goal in this new environment.

Conclusion: A Case for Cambodian Business Models?

Cambodia business models will have a very legitimate and mainstream presence in strategy teaching worldwide. Many businesses have incorporated the principles of Creating Shared Value in their business models and recognize the value of their business addressing social needs. CSR activities are very prevalent in Cambodia and provide another platform for companies to address broader societal needs, and RBC and ESG frameworks allow companies to benchmark their activities to be consistent with the needs of societal needs. The surveys we have undertaken indicate that this is the case for both large and smaller businesses in Cambodia.

ESG is now undertaken by many companies in Cambodia, and new business models in sectors such as farming, banking, insurance, manufacturing, healthcare and pharmaceuticals, and even coffee shops are candidates for wider recognition. As strategy evolves so should the diversity of case studies, and we put forward Cambodia as a prime candidate for the next generation of case studies to incorporate into research and teaching in strategy, a core discipline in the next generation of business education worldwide.

References

Charman. K.P. (2020). *Creating Shared Value in Cambodia*. In Dash, T.R., & Charman, K.P., (2020) Covid-19 The Economy and Society, Allied Publishers Pvt. Ltd. *https://doi.org/10.62458/CamEd/OAR/Symposium/2021/91-100*

OECD (*2023), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*, OECD Publishing, Paris, *https://doi.org/10.1787/81f92357-en*

Mares., R., and Young, S. (2025). *Textbook: Responsible Business Conduct in Cambodia*. Raoul Wallenberg Institute of Human Rights and Humanitarian Law, and Embassy of Sweden. *https://lup.lub.lu.se/search/files/173622504/2024-RBC-in-Cambodia-Textbook-compressed.pdf*

Porter, M.E., and Kramer, M.R. (2011). *Creating Shared Value*, Harvard Business Review, Vol. 89, No. 1/2, pp. 62-77

UN (2026). *The Ten Principles of the UN Global Compact*. *https://unglobalcompact.org/what-is-gc/mission/principles*

World Bank (2004). Who cares wins: *connecting financial markets to a changing world* (English). Washington, D.C.: World Bank Group. *http://documents.worldbank.org/curated/en/280911488968799581*