



Shared Value Creation as Core Strategy:

Impact on the Consultancy Industry

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*“It is not because
things are difficult
that we do not dare,
it is because
we do not dare
that they are difficult.”*

Lucius Annaeus Seneca

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It is amazing be able to compare myself to the times before my Master. These past two years were incredible in terms of learning, challenge, hard-work and friends. Everyone remembers their students' life and now, I understand why. These memories will remain with me for the rest of my life. The Master's dissertation hereby presented is the culmination of my studies in Católica Lisbon School of Business and Economics. But, before my time runs out, I need to stand out certain people that enriched this experience.

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Abstract

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In order to exceed their stakeholders' expectations, companies adopt the best strategy, one that embraces their values, cultural organization and business model. Competing in international markets will only increase the need of, those strategies, having, as well, a great component of innovation and internal knowledge.

Nowadays, companies' differentiation processes consist on adding value through the implementation of new functionalities or tools in an existent product/service. Basically, resources as innovation and knowledge are being used for improving their portfolio. They do it since, they believe stakeholders' needs are satisfied. But what if they are wrong? What if there unsatisfied opportunities? More, that is possible to create business by focusing on such needs.

This dissertation shows what the future core strategy is: shared value creation. Shared value creation involves, simultaneously, creating economic value as value for society. More than a simple corporate social responsibility strategy, it changes companies' business mentality by focusing their operations on solving social problems or improving communities' lives. A strategy capable of truly disrupting the market and achieve a sustainable competitive advantage.

Through interviewing medium-large companies, we proved that exists an opportunity for the consultancy industry to provide a specialized service. This service would consist on helping companies replacing their current strategy, by embracing shared value creation as core strategy, since they do not own the necessary key drivers for doing it internally.

Key words: Shared Value Creation; Needs; Strategy; Consultancy Service

Resumo

Criação de Valor Partilhado como Estratégia Principal: Impacto na Indústria de Consultoria

Pedro Maria dos Santos de Mendonça Belo

De modo a superar as expectativas dos stakeholders, empresas adotam a melhor estratégia, aquela que reflita os seus valores, cultura organizacional e business model. Competir internacionalmente apenas intensificará a necessidade de, estas estratégias, terem também uma forte componente de inovação e conhecimento interno.

Hoje em dia, os processos de diferenciação das empresas consistem em acrescentar valor através da implementação de novas funcionalidades ou ferramentas em produtos/serviços existentes. Basicamente, recursos como inovação e conhecimento são utilizados para melhorar o portfólio atual. Fazem isso por acreditarem que as necessidades dos stakeholders estão satisfeitas. Mas e se estão enganados? E se ainda existem oportunidades a serem satisfeitas? Mais, que é possível criar negócio ao focarem-se nestas necessidades.

Esta dissertação mostra qual será a futura estratégia principal: criação de valor partilhado. Criação de Valor Partilhado envolve, simultaneamente, criar valor económico e para a sociedade. Mais do que uma simples estratégia de responsabilidade social empresarial, a mesma muda a mentalidade das empresas em fazer negócio, através do foco das suas operações na resolução de problemas sociais ou melhoria das condições de vida das sociedades. Uma estratégia realmente capaz de disromper com o mercado e de alcançar uma vantagem competitiva sustentável.

Através das entrevistas a médias-grandes empresas, provámos que existe uma oportunidade para a indústria de consultoria de providenciar um serviço especializado. Este serviço consistiria em ajudar as empresas na substituição das suas estratégias atuais, por uma estratégia principal de criação de valor partilhado, pois as mesmas não possuem as principais variáveis capazes de implementação interna.

Palavras-Chave: Criação de Valor Partilhado; Necessidades; Estratégia; Serviço de Consultoria.

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1. Introduction

The most common thought in the human history is thinking that we, as an individual, are different from any one else. More than different, we are special. Debating about what makes an individual special would turn out to be a life-time conversation. But we can conclude everyone wants to be it or at least feel it.

Even though there are different beliefs, habits, religions, values and cultures, in the end what we can state is, the possibility of this life being the only one. And from that moment on, we can no longer exist. These two factors combined (need to be special and sense of time limitation) are the most powerful energy to create an impact. To do good. To create happiness. But although those triggers exist, what can not be as clear is how to do it. To find a solution, we should reflect on our purpose. What are our values and beliefs. After all, what do we compromise to do in our time here.

In that sense, a company is committed, and given legitimacy to do it by society, to serve stakeholders in the best possible way and create better communities. And they show their compromise by stating their values and mission statement so stakeholders can relate to it. But in the end, companies are simply a group of people. If they don't live their values at its fullest, if they don't guide their company vision through those supposedly intrinsic principles, no one will believe in it. In the end it is more like that famous sentence: "actions speak louder than words".

A new concept – shared value creation – can be the solution to successfully manage these and future challenges since involves creating economic value in a way that can also create social value by embedding a social purpose.

More than a corporate social responsibility concept, it is a strategy that implies every individual in a company to think about the social impact of every decision, action, activity or initiative. It implies defining their social purpose and do business through their intrinsic values. It remembers the company's purpose and legitimacy of existence: create better solutions, improve life conditions, create happiness. For this reasoning, we believe this approach should be consider companies' core strategy.

Although our belief, there are still skepticism around this concept, whether if it is strong enough to become the company's core strategy, how should be implemented, if there are enough resources (time, budget, skills) to put into practice and consequences of its implementation. Having this necessity to implement it and because it is an innovative and complex approach, it is reasonable to consider a specialized support. Thus, the objective of this dissertation is to contribute

for the research on shared value creation as core strategy and its impact on the consultancy industry by answering the following questions:

Is there a need for a consultancy industry specialized in shared value creation?

- Will the shared value creation concept become the future company's core strategy?
- Why would some companies apply this concept and others would not?

It is important to be clear about the definition of “need” since it can create false expectations into this study and jeopardize any result. For the purpose of this study, need is considered as “*a condition or situation in which something must be supplied in order for a certain condition to be maintained or a desired state to be achieved*” (Need, 2015). Examples of this existent need can be, the development of existent business specialized on this subject such as Carnstone, Volans, Stone Group, SystemicSphere or Sustentare as well the increasing concern with public attitudes and individual behaviour (GfK, 2011) and the state of corporate social responsibility reports at the global level (KPMG, 2008).

The relevance of this study gains importance due to recent scandals as Volkswagen's emissions omission, which raised higher awareness and public pressure on companies' social responsibilities and attitudes, but also for the recognition to implement strategies concerning sustainability and the increasing inequalities throughout the world.

1.1. Dissertation structure

This dissertation will start by presenting an overview on the existent literature review about the evolution on social responsibility and its different approaches as “Philanthropy” (and the different ramifications), “Corporate Social Responsibility” and “Shared Value Creation”. The idea on demonstrating the evolution and different approaches is to provide a clear reasoning on how and why the last approach should be applied, instead the other approaches mentioned. Thus, we provide a chapter on applying “shared value creation” methodology as core strategy. This way, we will be able to answer to the stated research questions.

The Methodology chapter provides an overview of the qualitative approach, by elaborating online interviews to companies in partnership with GRACE (non-profit portuguese organization dedicated to promoting social responsibility) and Movimento Pessoas@2020 (new portuguese movement and platform), which will allow to have specific results and understand how familiar this concept is to companies, which type of difficulties exist on implementing such initiatives and

possible interest on a specialized consultancy service on this subject. In the end, this qualitative approach will reinforce the literature review.

After the results chapter, we will discuss our findings and limitations, as well advise on further studies.

2. Literature Review

2.1. Different approaches for CSR

Corporate Social Responsibility has been increasing in its importance throughout the years but it took some time until corporations started to give real credit into social responsibility, specially concerning in maximizing the impact of their efforts on communities.

In this chapter, we will structure the existent literature to provide the different approaches (and a certain evolution of concepts on CSR) for companies to leverage their social concern.

To explore this subject, we think it is important to explain what differentiates each concept so the reader can easily understand why the latest concept – shared value creation – is the most practical in terms of creating and measuring impact. But also, it is our intention to demonstrate how these latest concepts are extremely complex to implement into the companies and organizations, due to the major changes required, which creates an opportunity for consultancy companies to provide a specialized service to help them to adapt their organizational culture, values, value chain model and core strategy to what we believe will be a demand on a near future.

2.1.1. Philanthropy

Actions and activities related to social concern first began as philanthropy. Philanthropy is the “*voluntary and unconditional transfers of cash or other assets by private firms for public purposes*” (Gauthier & Pache, 2013, p. 343) or also defined as “*the act of corporations donating some profits, or their resources, to charitable causes*” (Fritz, 2015, p. 1).

Philanthropy is a key indicator to measure communities’ generosity and to reflect on the existent problems (Brown & Ferris, 2007). The number of charitable foundations have been increasing at full speed thanks to the great number of donations throughout the world. These foundations are responsible for giving those donations for education, humanitarian and health reasons to institutions. But does society have been positively impacted by philanthropic donations? (Porter & Kramer, 1999).

There are several types of philanthropy: Conventional (or traditional) Philanthropy, Venture Philanthropy and Catalytic Philanthropy.

2.1.1.1. Conventional Philanthropy

Conventional philanthropy is related to donors analysis on which institutions to support and how much money to donate (Kramer, 2009). Then, all efforts to structure and implement initiatives are performed by those institutions. According to Emerson, conventional philanthropy is based on (Emerson, 2003, p. 38):

- Seeking to maximize social return;
- Applied funds not being viewed as a type of investment;
- Possible engagements in Program Related Investments;
- Investments on traditional and known institutions.

2.1.1.1.1. Constraints on Conventional Philanthropy

The traditional philanthropic model has been rethink due to global changes in terms of public pressure on social responsibility but also due to current society needs as the increase in wealth creation contributed with the increase in inequality (Gordon, 2014).

One of the problems related to conventional philanthropy is institutions itself since, although dedicate all their time and effort, their activities don't create sufficient impact to make the difference and solve communities problems. Also, the majority of institutions don't own the ideal abilities and knowledge to implement such complex initiatives (Kramer, 2009). It's not a problem of non-existent philanthropy initiatives or donations but a problem of rarely producing a measurable impact.

For example, United States is known for being one of top countries where are the largest number of donations through philanthropy. According to Kramer's (2009) study:

“Between 1980 and 2005, U.S. annual charitable giving in constant dollars grew by 255 percent and the number of nonprofits more than double to 1.3 million... Yet, during this same 25-year time period, the United States dropped from second to 12th among the 30 countries that are members for Economic Co-Operation and Development (OECD) in basic measures of health, education and economic opportunity” (p. 32).

Besides the lack of ability to generate new ideas and implement them, institutions were also small to create an impact or have a great number of diversified ideas (Kramer, 2009). But even institutions that are big enough to create a national change like hospitals, universities and cultural organizations are already too worried about their own operational activities and

institutional sustainability not to mention they already address a number of social problems related to their core purpose of existence like health, education and culture in this case (Kramer, 2009). The concept of venture philanthropy provides insights on these issues.

2.1.1.2. Venture Philanthropy

Philanthropic donations and social investments are being adapted to a new reality as stakeholders are pursuing on different strategies. These stakeholders have become more interested in philanthropy and have been trying to bring skills and techniques to implement new models of philanthropy which now they are calling “venture philanthropy” (VP).

According to the European Venture Philanthropy Association (EVPA), this term is defined as “*a methodology that works to build stronger social purpose organizations by providing them with both financial and non-financial support in order to increase their societal impact*” (Cummings & Hehenberger, p. 7).

Basically, Philanthropy is the idea to transform philanthropy into social investing. According to the European Commission, social investment is “*about investing in people. It means policies designed to strengthen people’s skills and capacities and support them to participate fully in employment and social life*” (European Commission).

Following this line of thought, we can consider venture philanthropy as the attempt of a “*galvanized small group of individuals and foundations donors to transfer their wisdom across sectors*” into the same project (Frumkin, 2003, p. 8).

According to Emerson (2003), venture philanthropy is based on seeding capital for innovative social programs and applying venture capital methodology, concepts and structure into the philanthropy environment. VP investments are measured in terms of societal returns and incentives are aligned with societal focus which works as main driver of compensation for VP managers (Cummings & Hehenberger, p. 8).

2.1.1.2.1. Scaling-up institutions as sustainable measure

As Kramer explores further this subject he reflects on, if conventional philanthropy is concerned about which organizations to support and how much money to donate, the key question

in venture philanthropy is, how can I help to scale up effective nonprofit organizations? (Kramer, 2009).

To answer this question, we first need to reflect on the number of known non-profits institutions that were able to scale-up their activities and the number of non-profit institutions that were not able to survive. Comparing those numbers and analyzing the reasoning behind it, we can understand the key drivers on these institutions are: size, tangible actions, reputation and acknowledge (Kramer, 2009).

All these characteristics are directly connected to the scale of an institution's operations. Scaling-up their operations is the solution to create sustainability and not let philanthropic funds that should have been applied to important social issues be used to maintain those institutions alive (Kramer, 2009).

Scaling-up institutions' operations is not an easy task and that is what venture philanthropy address (Frumkin, 2003, p. 9):

“Nonprofits chosen by venture philanthropists for support are assisted in their efforts to construct and execute strategic plans that will lead to substantial growth and broad social impact...building a powerful organization that has a steady revenue stream behind it that can drive internal growth...to succeed in breaking even or even turning a profit that can be used to subsidize the mission of the organization.”

By providing management consulting and developing new metrics performance, it is possible to increase an institution's life expectancy instead of moving on to fund another institution.

2.1.1.2.2. Which social problem is more important?

However, it can be difficult to prioritize which social problems to address. Social problem is *“a claim that some condition set of events, or group of persons constitutes a troublesome situation that needs to be changed... then is a legitimate basis for bringing public resources to bear upon it”* (Gusfield).

Social problems can differ from communities but more than the existence of the problem itself, it depends on the importance each community give to that specific social problem. The importance that each community gives may be influenced by their beliefs, values, education and so many others. No one can universally say that one social problem is more “popular” than other

and if it is proven that donating is not sufficient, (Kramer, 2009) how to achieve a consistent and sustainable impact on communities?

2.1.1.3. Catalytic Philanthropy

A new approach has emerged called catalytic philanthropy that relies on a different goal: to make donors part of the solution. In this approach, the responsible for the success of an activity is the funder/donor instead of nonprofit organizations. Their key question is: How can I catalyze a campaign that achieves measurable impact? (Kramer, 2009).

What has been happening all over the world is not lack of donations or people concerned about social problems but those philanthropists do not feel recognized as effective donors or known for creating an impact on a subject that they are really concerned (Kramer, 2009).

2.1.1.3.1. The donor's role

This way, catalytic philanthropy understood (Kramer, 2009, p. 33):

“The donor stopped thinking about which organizations to support, and started to think about how to solve a specific problem, using every skill, connection, and resource they possessed...Above all, the donors took responsibility for finding solutions to the problem instead of waiting for the nonprofit sector to approach them with a proposal”.

By becoming involved in an issue of great personal significance, *“donor became deeply knowledgeable about the issue and actively recruited collaborators”* (Kramer, 2009, p. 33).

The donor's role has evolved on to, taking responsibility for achieving results, mobilize a campaign for change, use all available tools and create actionable knowledge as inform and motivate others to pursue in this type of actions. Through this approach, a donor gets proactive and mobilizes all possible means to solve a social problem, since usually that problem affects their and its community daily life becoming a personal issue to surpass it, which increases significantly the impact of those actions (Kramer, 2009).

2.1.1.3.2. Perception on philanthropic efforts

However the type of individuals or corporations' efforts through Philanthropy/Corporate Philanthropy, such actions are most of the times seen as ways to promote and strength brand image through marketing techniques (Porter & Kramer, 2002). Such ideologies or causes which they support through their resources (time, knowledge or donations) are not incorporated into their daily life, cultural organization, values and strategy which led critics demanding a higher level of corporate responsibility and subsequently, companies to rethink their social responsibilities posture and adopt a strategic position on this matter (Porter & Kramer, 2002).

For this reasoning, a Corporate Social Responsibility program started to be implemented on company's policies.

2.1.2. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a topic highlighted in the middle of the past century and after investigating more about this topic, we find different definitions over time.

According to Bowen, corporate social responsibility's definition is based on the idea businessmen must pursue actions that are aligned in terms of objectives and values of our society (Bowen, 1953). McGuire develops the idea that organizations need to think further beyond economic and legal obligations but also get interested in politics, community, welfare, education and employees' happiness (McGuire, 1963). According to Fitch, CSR is all about correcting company's actions that incurred in maleficent impact to society (Fitch, 1976).

Even though, nowadays, there is a general acceptance on the idea that companies should have a social responsibility attitude towards the community and society, there are still companies and authors with different beliefs on this subject and do not agree that companies should have those type of concerns.

2.1.2.1. Arguments against CSR

One of those examples is Milton Friedman. According to Friedman, the social responsibility of a business is to increase its profits and to shareholders. Only people have responsibilities to society. Even though he states that are people (business executives) in charge of

making decisions, he also argues that their main responsibility is to do as much money as possible (Friedman, 1970). Basically, his arguments can be divided into three main statements:

1. Only individuals have moral responsibility of their actions;
2. Managers have one responsibility: Act in the interests of shareholders;
3. Social issues should be analyzed only by the Government.

Another example of an author presenting arguments against CSR is Albert Carr. Carr's opinion is that most companies, which address and incorporate these type of initiatives, implement CSR programs based on a game strategy and bluffing on the real objectives of those initiatives without any morality behind it. (Carr, 1968).

Besides these arguments against CSR, and although it exists a global recognition that corporate social responsibility has been gaining its importance and companies are implementing CSR strategies to incorporate into their structures (which show companies concern on social issues), there is also the belief some organizations "*awoke to it (CSR) only after being surprised by public responses to issues they had not previously thought were part of their business responsibilities*" (Porter & Kramer, 2006, p. 2). As, Davis and Blomstrom state, businesses only apply social responsibility measures when they take heed of interests and needs of others, affected by their business decisions (Davis & Blomstrom, 1966).

2.1.2.2. The importance of a CSR strategy

Even though exist disbeliefs on this subject, we realize, the more we advance in time the more concepts related to social responsibility and sustainability are developed and introduced into companies. Taking actions without any concern of those impact at social level is a thing of the past. According to a recent study, "93% of CEO's see sustainability as important to their company's future success" (Bertels, Papania, & Papania, 2010, p. 1).

As Johnson suggested, managers should find a balance between the interests of stakeholders and stockholders instead of only being interested on the last groups' opinions (Johnson, 1971). And even exist counter-arguments to Friedman's statements. For example, Freeman says organizations rely on a much wider set of contributions than shareholders which implies each organization should act accordingly to those who receive direct or indirect contribution (Freeman, 1984) and not only to shareholders. Dodd says that an organization only owns legitimacy to do business because it was given by the government and law (Dodd, 1932) which contrasts with Friedman's statement that only government should address social issues.

After analyzing the arguments in favor and against CSR, what could be more interesting to address is the motivations behind companies' initiatives on CSR. Porter and Kramer state that there are four prevailing justifications on CSR: moral obligation, sustainability, license to operate and reputation (Porter & Kramer, 2006).

Moral obligation consists on the idea "do the right thing" by creating and developing business that comply with procedures, legislation and ethical values besides respecting individuals, communities and the environment.

In order to explain sustainability, Porter and Kramer cited a definition developed by Norwegian Prime Minister Gro Harlem Brundtland in 2010 at the World Business Council for Sustainable Development Conference organized by the United Nations: "*Meeting the needs of the present without compromising the ability of future generations to meet their own*".

License to operate consists on the legitimacy to do business by external stakeholders, governments and communities.

Finally, leveraging reputation is based on the idea of strengthening company's image and brand but also to raise moral and even stock market.

2.1.2.3. Unproductive CSR programs – how to measure the impact

Although these prevailing justifications for implementing CSR programs, there are reasons for its efforts not be as productive as it could be.

For Porter & Kramer, the first reason regards to the current mentality related to social responsibility as business against society when they should be interdependent.

The second reason is related with CSR activities which are performed "*in generic ways instead of being the most appropriate to each firm's strategy*" (Porter & Kramer, 2006, p. 1). Those activities don't follow an appropriate or coherent framework and typically consist on uncoordinated initiatives trying to demonstrate company's social sensitivity, often not mentioning what these actions include and their impact.

What could help companies and external stakeholders to measure their social performance would be through ratings, using specific key performance indicators (KPI's). Nowadays, KPI's are used to measure indicators related to company's core business. Indicators measuring social performance are being introduced as the Environmental, Social and Governance (ESG) indicator.

But measuring social performance is much more complex than other key performance or at least it is not as developed as others (Porter & Kramer, 2006).

The criteria used by rankings is completely different from each other as some rankings, for example, include economic performance. And when the criteria is the same, they are weighted differently in the final scoring. More, and once again because social performance is a recent issue, it is difficult to guarantee the credibility of those final scoring since specialized auditing companies on this issue have too few resources to audit such complex initiatives and response rates by companies concerning social performance are still statistically insignificant and legislation still didn't make this indicator mandatory to be delivered or to be audited (Porter & Kramer, 2006).

The Federation of European Accountants, which contributed to the debate around ESG indicator, appoints other reasons as, the existent need to globally agree on which methodology should be adopted to measure social performance and which criteria and information should be reported in terms of relevance, materiality, consistency and reliability (Federation of European Accountants, 2011).

To meet CSR several challenges, especially concerning the uncoordinated activities implemented without significant impact or not even a way to measure those impacts, an approach called "shared value creation" has emerged.

2.1.4. Shared Value Creation

The most recent approach is called shared value creation and "*it's already foreseen that CSR will evolve and value creation through CSR will change...become more oriented towards creation of shared value*" (Jonikas, 2012, p. 4). Taking into account Murphy et al. value creation is referred as the improving conditions created for firms and NPOs as well to communities through the collaboration of joint initiatives (Murphy, Arenas & Batista, 2014).

According to Porter and Kramer, the idea "*involves creating economic value in a way that also creates value for society by addressing its needs and challenges*" (Porter and Kramer, 2011, p. 4). In terms of working methods, it is described as "*policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the community in which it operates*" (Porter and Kramer, 2011, p. 6). In a way, shared value creation concept relies on new kinds of business models which are able to combine social (sustainable) and business advantages as green business models, which consists generating

economy that results in improved human conditions and reducing inequalities for the next generations to come (Andelin & Sarasoja).

Through other words, shared value is not about sharing the value already created by companies and reattributing part of them to social causes. It is about adopting this concept to increase profits by refining their value chain model and straightening operations with those who matter – direct suppliers, institutions, communities, workers, etc, depending on the type of industry and business priorities. Even the idea of supply chain evolved to value creation chain which suggests that “*each step in the chain should add value rather than simply moves the product along*” (Juscus & Jonikas, 2013, p. 65).

Of course, a company’s shared value initiatives will probably be linked to their core business since it becomes easier to benefit economically, sustain those initiatives at long-term and have a meaningful impact on a social issue (Porter & Kramer, 2011, p. 15). And opportunities to implement such initiatives are huge. Even in countries where fast-growing economies are beginning to appear have so many problems to overcome. For example, India’s annual growth rounds about 8 per cent on average but still this year (2015) 40 per cent of Indian children are under-nourished (Vaidyanathan & Scott, 2012).

These type of shared value initiatives will allow a reconnection between business and society, unleashing new waves of innovation and a new type of capitalism (Porter & Kramer, 2011). Other concern is to maximize such initiatives’ impact.

2.1.4.1. Initiatives’ Measurement and Maximization

Besides the various opportunities to implement shared value creation as long-term strategy, there is also effective ways to measure initiatives’ impact by evaluating social return on investment through assessing the financial impact on the firm and the externalities resulted by such initiatives (Maltz et.al, 2007). More importantly, companies want to know if they are achieving the potential maximization of their initiatives and compare it with other players. As for strategic decisions, there are frameworks for comparing social value creation and identifying key drivers for creating value into society. For example, there is a specific framework analyzing subject well-being, subjective satisfaction ratings, mean life satisfaction before and after a shared value initiative and even calculates the degree/urgency of a social problem as organizational initiative’s effectiveness (Kroeger & Weber, 2015).

Besides the companies' efforts and concerns to maximize their social impact, it is important to understand that, will only be possible to achieve it if a company owns the perfect conditions to do so. Now, they can know it through a developed method called the 3 C's approach due to the importance it gives to capability, consistence and cultivation of a company (Maltz & Scheinz, 2012):

- Capability to create significant value;
- The value of a shared value initiative can be consistently applied to both firm's economic and social value;
- The social value of each initiative can be cultivated or implemented by other entities to scale-up the impact.

2.1.5 Shared Value Creation – Core strategy

As Porter and Kramer (2011) states, traditional shareholder value “*continue to view value creation narrowly, optimizing short-term financial performance in a bubble, while missing the most important customer needs and ignoring the broader influences that determine their long-term success*” (p. 4).

What is different about this new approach is, the concept itself: it is not a different way of companies face their social responsibility towards the public. In fact, it is a new way of having economic success. It is the recognition of societal needs as a potential market. Moreover, it is the link between a company's competitiveness and a healthy community which ultimately it is what gives a company's legitimacy to do business. In the end, it is the adoption of shared value creation as core strategy (Porter & Kramer, 2011).

Every strategy has to answer some key questions as:

- What is your value proposition?
- How competitive advantage is going to be achieved?
- What is your market positioning?
- Who are your customers?
- What is your long-term strategy?

What shared value creation allows is, the ability to serve needs, achieve legitimacy, create differentiation and guarantee sustainability which permits being adopted as the main strategy. Moreover, according to recent studies, the majority of customers prefer companies with a social

mission and support the idea of existing more products with this social concern and that should be more intensively promoted (Krzyzanowska, Tkaczyk, 2014).

There are a few examples of companies already introducing this new approach. According to Porter, Kramer and FSG, normally they implement it through three key ways and by improving value in one of them will automatically generate opportunities in the others (Porter & Kramer, 2011, p. 5):

1. Reconceiving products and markets;
2. Redefining productivity in the value chain;
3. Enabling local cluster development.

Taking in some practical examples can give us a more precise enlightening on this concept.

2.1.5.1 Practical examples

Nestlé decided to apply shared value creation on three important aspects of their operations: Nutrition, Water and Rural Development. In the last theme, they believe that the overall wellbeing of those who work, directly and exclusively, to them in this field, from rural communities to farmers, are an essential part of their long-term success. So, they partnered with non-profit associations and institutions to help them improve working conditions in their supply chains, regulate procedures to ensure ethical behaviors and implemented a capacity-building training program so farmers could learn on the best practices as making an efficient use of water or land conservation. This example is directly related to redefining productivity in the value chain. (Nestlé Management Report 2008).

Another example is Intel. In 2009, Intel launched Intel Education Service Corps, an innovative skills-based volunteer program with the main goal to “*make amazing experiences possible for every person on Earth*” (Intel, 2015, p. 1). Basically, Intel workers act as volunteers on a developing country to work with a NGO or government by supporting technological solutions on communities. Besides benefiting non-profit organizations, the program positively influences the company itself since “*helps understand new market needs and builds longer-term relationships with customers...drive productivity in the value chain through the strong employee component...support ecosystem development through training*” (Intel, 2015, p. 2). As we can see, this example is directly related to reconceive products and markets.

McGraw-Hill, a global publishing, financial, information and media services, has created a pay-for-performance incentive program in partnership with Western Governors University. Any student that achieve a B or higher in their papers related to McGraw-Hill's material will receive an incentive. On the other way around, the company can use this paper on their database in order to improve previous versions on this subject but also to generate data to better understand students' performance. Again, it is easy to percept this example is directly related to enabling local customer development (Porter).

These initiatives create much more value since the outcome is a continuous cycle of prosperity for companies and communities which result in sustainable profits. More, it is believed that creating shared value "*will be one of the most powerful forces driving growth in the global economy* (Porter & Kramer, 2011, p. 15)".

2.1.5.2. Certainty on the future

The certainty of this approach on guaranteeing sustainable profits is due to the fact it allows companies, institutions or organizations to have a fresh and new way to understand their customers, measure productivity (the impact of such initiatives it's visible), identify external conditions that influence the business, identify needs and new markets to engage service as well the possibility to relook into internal costs (to adapt on future priorities that this approach can help to clarify on or even just clarify on the waste of resources). In the end, it guarantees competitive advantage (Porter & Kramer, 2011, p. 15)" and, as we can see by the practical examples, can be applied in every major company's decision.

Besides the sustainable profits, there are other factors that emphasize shared value creation as the future and core strategy:

- Growing social awareness of employees and citizens;
- Scarcity of natural resources will create a higher number of social problems which leads to bigger opportunity to implement shared value.

2.1.5.3. Why some companies struggle to implement shared value initiatives?

Realizing that shared value creation concept represents vast opportunities for growth, business leaders begin to implement it into their organizations but keep struggling on it.

According to Porter & Kramer (2011), companies struggle is related to:

- Lack of an overall framework for guiding shared value initiatives;
- Current companies' "social responsibility" mind-set (social issues are not the core);
- Shared value creation is still viewed in a narrow way, optimizing short-term financial perspectives while missing customer needs and variables helping achieve sustainable profitability;
- Need to develop new skills and knowledge — deeper understanding of societal needs, company's productivity basis, and the ability to collaborate across profit/nonprofit organizations.

According to Pfitzer et.al, innovating for shared value rely on five mutually reinforcing elements and are dependent on the firm's culture, context and strategy (Pfitzer, Bockstette & Stamp, 2009). Still, most companies still didn't figure it out how to do it:

1. Embedding a Social Purpose:

This element explains how important it is to incorporate a social mission into the corporate culture, vision and operations as many companies often are not guided by it.

For example, Danone sold off all operations related to beer, meat and cheese since their culture, values and social purpose were related with health-full food and nutrition. Another example is Facebook. Facebook's mission statement is to give people the power to share and make the world more open and connected as well share and express what matters to them with friends and family (Facebook Inc.,2015).

To pursue this concept, the social purpose of a company has to be explicit and clear to all stakeholders, and should be incorporate it into every strategic decision (Pfitzer, Bockstette & Stamp, 2009).

2. Defining the Social Need:

Companies should leverage all their resources to conduct extensive research in order to get better perspective on the social problem. It would allow them to know exactly how many people are affected by that specific problem, how long is the problem going on and what does it take to solve it. If a company does not spend time understanding the roots and scale of a problem, the risks of implementing ineffective measures are much higher than expected (Pfitzer, Bockstette & Stamp, 2009).

3. Measuring Shared Value:

Nowadays there is no acceptance over an unique global framework but major corporations normally measure it by estimating the business and social value, establishing intermediate measures, track progress and assess the shared value produced (Pfitzer, Bockstette & Stamp, 2009).

4. Creating the Optimal Innovation Structure:

This optimal innovation structure implies launching and developing an initiative when there is a clear social purpose and skills to solve it as also obtain support from philanthropic or government support ((Pfitzer, Bockstette & Stamp, 2009).

5. Co-creating with External Stakeholders.

More authors as Bockstette & Stamp (2011) reinforce the idea on the concept's complexity and state out the top takeaways for creating shared value successfully which requires often a major shift in mentality within the organization, a clear organization-wide shared value vision, will to leverage resources and assets across functions and a management for performance based on results but also on continuous learning.

Plus, these authors state the lack of understanding of social and environmental issues by business leaders and the requirements to move beyond today's CSR approaches as well the managerial training and entrepreneurial mind-set needed to design and implement shared value models (Porter & Kramer, 2011), consequently leading to some companies not being able to implement the concept on their own.

2.1.5.4. Shared Value Business Model

Social entrepreneurs have begun to develop shared value business models since they are not locked into narrow traditional business thinking and become far ahead of established corporations in discovering these opportunities (Porter & Kramer, 2011).

Entrepreneurship is defined as a *“process of value creation and appropriation led by entrepreneurs in an uncertain environment”* (Mishra & Zachary, 2014) as social entrepreneurship

describes a business field that is “*oriented toward efficiently serving basic human needs which existing markets and institutions have failed to satisfy*” (Dohrmann, Raith & Siebold, 2013).

On this chapter, we are going to prove that shared value strategy is compatible to any framework used nowadays as the one and most famous - business model canvas - (Pigneur & Osterwalder, 2009) and illustrate the diversity of social business models. It is also our intention to show the latest social business model is the most compatible to the shared value creation concept.

According to Dohrmann et.al, there are four generic social business models (Model I, Model II, Model III and Model IV) which are categorized regarding the monetization of the social value created and market performance (2013). From model to model, the value created increases but also the connections' complexity between value proposition, customer relationships, customer segments, revenue streams, expenditures, partnerships and activities. For this dissertation interest, we will only mention the model with higher social value monetization and market performance:

1. Social Business Model IV – The commercially utilized social mission

To describe this model, it is easier to illustrate it with a known example. Google creates business and value through their social mission: free online search engine. Their value proposition and mission is to provide information globally accessible to everyone. This way, they satisfy their customers' needs to access free information in every point of the globe but also leveraging them as resources for advertising companies. These companies are the ones who pay the service, generating market revenues and monetizing the social mission.

The social business framework normally include 7 areas: offer, market, governance, ecosystem, surplus, economic profit equation and social value creation (Michelini, 2012).

3. Methodology

Methodology is referred as the philosophical basis on which research is founded. For every dissertation there should be a concern to adopt the appropriate methodology, one that is recognized and accepted, possible to be linked with accurate methods of data collection. (White, 2000).

Results' research can be obtained through two different forms: quantitative research (numerical values) and qualitative research (generally in form of descriptions). In this case, a qualitative research was adopted in the form of online interviews since it seemed the most appropriate one to guarantee the necessary reliability. Reliability is one of the two most important concepts of research design because it is linked to consistency and research.

The other concept is validity. This dissertation's idea was, having the results' chapter addressing to the research questions and reinforcing the literature review.

Through the whole study, the methodology took on consideration the need to comply with ethical issues like only involving people with their consent or knowledge, never withhold information, never deceive or induce participants, never expose situations that could cause any kind of stress and treat equally groups in the same project research (White, 2000).

3.1. Data collection

3.1.1 Primary Data

There are several factors that explain our data collection process. The first factor is due to the need to obtain several companies' answers in a short time period for presenting and analyzing the results according to the dissertation timeline. Besides the need to collect a considerable answers' sample on a short time period, other key factor was to obtain only answers from medium-size and large-size companies since they are the ones capable of creating an impact and still, there is no public pressure for small-size companies to have a social concern or even a social purpose. According to the Portuguese legislation, medium and large companies have more than 50 workers and business volume over 10 million euros (IAPMEI, 2007). The last factor it is related with the identification of specific organizations willing to help us collect such results.

For the purpose of this dissertation study, we partnered up with GRACE, a non-profit organization with the mission to reflect, promote and develop social responsibilities initiatives (GRACE, 2015). GRACE has developed "Projeto Uni.Network" due to the increasing concern for Social Responsibility and Social Entrepreneurship subjects, as well to be aligned with Europe 2020

policies, in order to promote a better connection between the academic field and the business world (GRACE). Basically, students and universities establish a protocol with GRACE in order to obtain answers by companies, which also have a protocol with GRACE, willing to share their knowledge and perspectives on the subject. Our responsibility was to elaborate the interview itself as their responsibility was to share the questions through their associates. The interview was shared through a social network, Facebook, on their official page where the dissertation focus and study goals were explained.

Also, we obtained help from Ana Leonor, board member of the new Portuguese movement *Pessoas@2020* and responsible for their platform communication operations. The movement's main goal is to promote the development and recognition of professionals that manage people, leveraging Human Resources as the core management strategy for creating value in the organizations (Romeiro, 2015). The interview was shared with them which then, was sent to pre-defined associates that followed the required specifications to obtain answers.

With their help (GRACE and *Pessoas@2020*), we could obtain several answers in a short time period, collect results from medium and large companies (with different dimensions and from several industries) and be integrated on developed programs to increase social responsibility concern and hopefully, create an impact on their communities through the presentation of new ideas. The companies' names will not be provided for this study.

3.1.2 Data analysis

The questions were elaborated in two different versions (Portuguese and English) in order to eliminate any language constraint. For this dissertation purpose, all the results were transcribed to the English version. Then, the content of each interview was read carefully, revised, compared and analyzed together in order to identify consensual and divergent views. The interview's length depends on the knowledge of the subject itself since, if a company is not aware of this new approach will not be able to answer to the following questions.

4. Results – Companies’ Perspective on Shared Value Creation

The purpose of the results’ chapter is to understand how familiar "shared value creation" is to companies, which type of difficulties exist on implementing such initiatives and possible interest on a specialized consultancy service on this subject. Since we collected results from medium and large companies (some of them don’t surpass the minimum number of workers to be considered medium company but overcome in terms of business volume), capable of paying for these type of projects, we will get a clear vision whether there is an opportunity for a consultancy company to emerge, satisfy this need and be a sustainable business.

Also, the collection of results from different companies (in terms of years of existence, short and long-term goals, maturity level, economic environment, cultural organization, values, mission and vision) and industries, allow us to analyze whether if some industries are more conscious to the advantages of this strategy but also how many will invest on it in a short future.

Before starting explaining the companies’ perspective on this subject, we want to state that all results presented through figures or tables were collected and treated by the dissertations’ author.

4.1. Companies’ description

As you can see from the next table, we collected 32 companies’ interviews through 20 different type of industries. From these industries, we were able to obtain a higher percentage of responses from:

- Advisory/Auditing;
- Banking;
- Construction;
- Energy, Oil & Gas;
- HealthCare;
- Recruitment;
- Pharmaceutical & Chemical;
- Professional Services;
- Other Services.

Table 1 – Size and industry

Companies' Description	Type of Industry	Number of Companies	% Number of companies per industry	Number of Workers	Avg. Number of Workers per Company	% Number of workers per industry
	Advertising	1	3,1%	48	48	0,05%
	Advisory/Auditing	2	6,3%	3800	1900	3,87%
	Advocacy	1	3,1%	58	58	0,06%
	Banking	2	6,3%	17500	8750	17,83%
	Catering	1	3,1%	60	60	0,06%
	*Communication	1	3,1%	100	100	0,10%
	Construction	4	12,5%	50609	12652	51,55%
	Education	1	3,1%	55	55	0,06%
	Energy, Oil & Gas	2	6,3%	10000	5000	10,19%
	Healthcare	2	6,3%	1060	530	1,08%
	*Recruitment	2	6,3%	170	85	0,17%
	Insurance	1	3,1%	55	55	0,06%
	Other Services	4	12,5%	512	128	0,52%
	*Pharmaceutical and Chemical	1	3,1%	100	100	0,10%
	*Professional Services	1	3,1%	1300	1300	1,32%
	Public Relations	1	3,1%	42	42	0,04%
	Publisher	1	3,1%	700	700	0,71%
	Real Estate	1	3,1%	40	40	0,04%
	Social Institutions	2	6,3%	964	482	0,98%
Telecom	1	3,1%	11000	11000	11,20%	
TOTAL	20	32	100,0%	98173	3068	100,0%

*The number of workers in these industries is a conservative number

Source: Pedro Belo, “Size and Industry” Table

More than collecting responses from 32 different companies, we collected 32 responses from owners and decision-makers about their thoughts on shared value creation, which allowed us to analyze the potential impact of such changes on 98.173 people/workers. This was possible since

the interviewed companies were medium-large size (whether in terms of business volume or number of workers) and specially thanks to companies' size in the Construction (51,55%), Banking (17,83%), Telecommunications (11,20%) and Energy, Oil and Gas' industries (10,19%).

4.2. Main challenges

During the interviews, it was requested for companies to name their three main challenges throughout this year. The idea is to understand if companies share the same type of challenges, besides having so many different aspects between them, and if those could be solved through the shared value creation approach. The challenges were analyzed and distributed between 5 key issues and remaining outliers:

Table 2 – Challenges' description

Challenges	Description	%
	1. Productivity	27,1%
	2. Competition	25,4%
	3. Innovation	20,3%
	4. Strategy	11,9%
	5. Fidelization	11,9%
	6. Others	3,4%

Source: Pedro Belo, "Size and Industry" Table

As you can see from Table 2, productivity was the biggest challenge in 2015 since 27,1% of the companies mentioned as one of their three top challenges during this year. When we talk about productivity, we have to consider any challenges regarding processes' efficiency, continuous learning within the company and subsequent investments on the organization and even motivation factors that affect the company's productivity.

Right behind it, competition was the second biggest challenge in 2015, with 25,4% of the companies mentioning it. Within the "competition" subject, we have to include any challenges related to their markets, number of clients, business volume and sales.

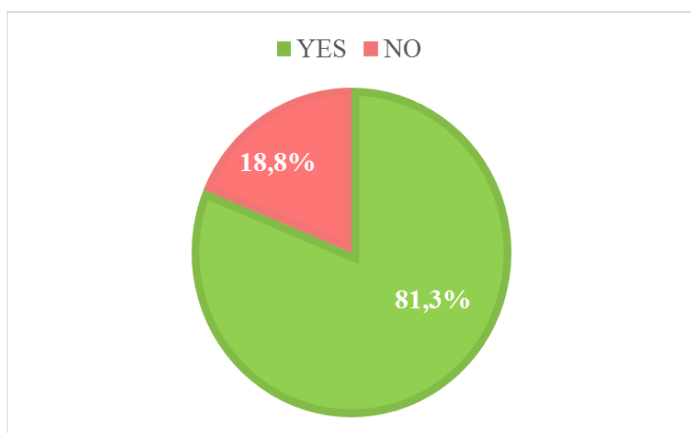
Following competition challenges, 20,3% of the companies said innovation was a key issue to take into account, especially in terms of diversification, differentiating, redefining and rebranding products and services.

In the last positions, we could get a clear insight of the companies' struggles since 11,9% suggest their strategy is not the right one, mentioning problems with their business model, cultural

organization, values, type of management and growth plans but also problems with providing a quality and consistent service to their clients.

In the “others” subject, it was mentioned challenges like punctuality, funding, credit risk, hiring process and economic environment.

4.3. CSR programs



Source: Pedro Belo, “Existence of a CSR program” Figure

Figure 1 – Existence of a CSR program

We also gather information whether these companies already had an implemented CSR program. In this case, CSR program will be considered as any activity or initiative that could create a positive impact into the community. From

the 32 interviewed companies, 26 answered affirmative to the question, which results in 81,3% of the total sample.

The other 6 companies do not own any CSR programs representing 18,8% of the total sample. They mentioned a few arguments such as, not a priority for the moment, no budget or resources to invest in such type of initiatives.

Table 3 – CSR’s initiatives & activities

From the 26 companies that answered affirmatively, the great majority mentioned these type of initiatives and activities. Community engagement is related to any measure that increased the relationship between the community and the organization. Donations to social institutions and partnership with NGO’s were created, even if those institutions were not similar to the organization’s core business. The promotion of good practices and recommendations were companies’ effort to actively encourage diversity and inclusion, education, healthy lifestyle and work safety. Some companies elaborated their own resources’ efficiency program, based on water, energy and paper usage as others created their own social foundation and volunteering program.

CSR Activities & Initiatives	Description
	Community engagement
	Donations
	Partnership with NGO's
	Promotion of good practices & recommendations
	Resources' efficiency
	Social Foundation
	Volunteering
	Others

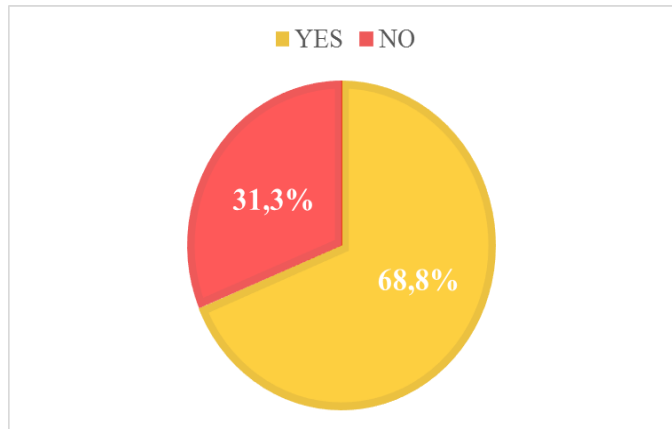
Source: Pedro Belo, 32
“CSR initiatives and activities” Figure

Activities and initiatives classified as “others” were, for example, psychological support for employees or lectures/workshops to employees’ children.

4.4. Knowledge on Shared Value Creation

Figure 2 – Familiarity with shared value creation’s concept

In order to understand if this strategy was already present into companies’ daily life (or at least if they knew the existence of such approach) we decided to analyze this topic. When asked “are you familiar with the concept shared value creation” to companies, 68,8% (22 companies) confirmed they had some type of knowledge on the subject.

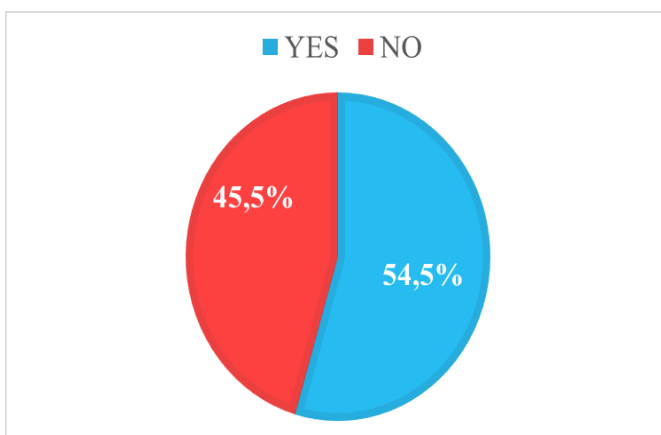


Source: Pedro Belo, “Familiarity with shared value creation’s concept” Figure

4.4.1 Measuring knowledge

Although this first indicator of high knowledge on the subject, results differ when we requested, to those companies who affirmed that somehow knew the concept, to give us a brief description. To analyze the results, we compared with Porter and Kramer’s definition on shared value creation, which is “*creating economic value in a way that also creates value for society by addressing its needs and challenges*” (Porter and Kramer, 2011, p. 4), and considered “YES” those definitions that were similar to this one.

Figure 3 – Real knowledge on shared value creation’s concept



Source: Pedro Belo, “Real Knowledge on shared value creation’s concept” Figure

From those 22 companies who affirmed knowledge on this approach, only 54,5% (12 companies) demonstrated real knowledge. The other 45,5% (10 companies) shown information about CSR principles, activities and initiatives. When not having complete certainty on determining if a specific company had real

knowledge, we analyzed how they applied this concept to decide in which category to classify.

4.5. Internal Capability

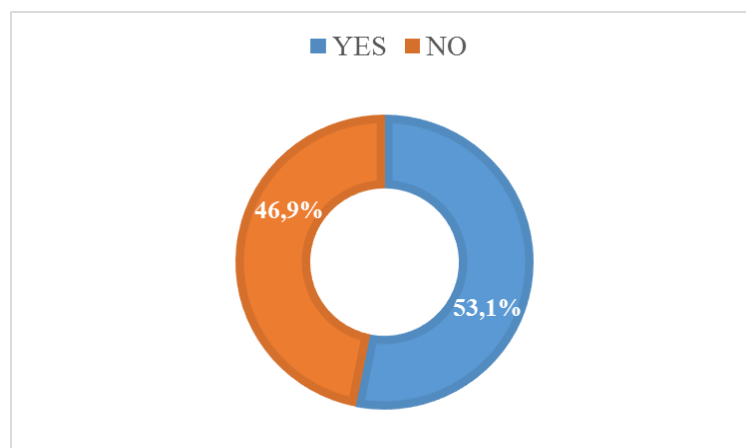
After analyzing companies' real knowledge on the subject, we wanted to understand why companies struggle to implement such strategies. From the 12 companies, that in our perspective demonstrated real knowledge, there were a few companies that believed having the necessary resources (skills, budget, time, etc) to implement shared value creation's initiatives and activities. However, the great majority mentioned problems such as:

- Not enough time;
- Complex business model;
- Not consider a priority;
- Do not own internal knowledge;
- Do not embed a social purpose;
- Budget.

4.6. Consultancy Service

To present this analysis, we considered the total companies' sample, not withdrawing companies that did not demonstrated some type of knowledge in the concept or even those who believe they can implement it internally since, some of those shown interested in getting to know more about it and even budgeting for a specialized consultancy service.

Figure 4 – Interest on a specialized consultancy service

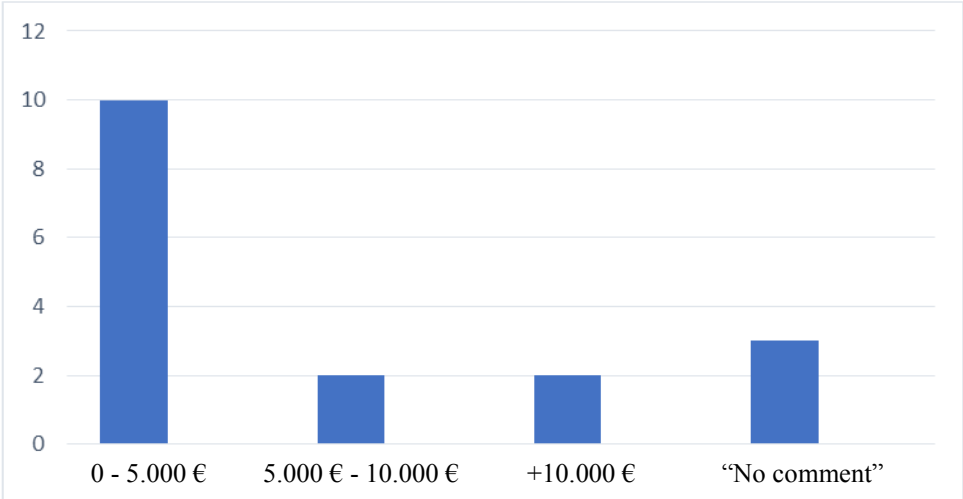


Source: Pedro Belo, "Interest on a specialized consultancy service" Figure

From the total sample, 46,9% (15 companies) did not show an interest for a consultancy service since they prefer/believe on doing it internally, which results in 53,1% (17 companies) being interested on a specialized consultancy service. Then, to those who manifested interest, it was asked to provide insights on the service’s potential price, giving them the possibility to choose between:

- 0 - 5.000 €
- 5.000 € - 10.000 €
- +10.000 €

Figure 5 – Price Distribution



Source: Pedro Belo, “Price Distribution” Figure

As you can see, from the 17 companies, 10 (or 58,8%) were willing to pay up to 5.000€. Also, 2 companies demonstrated interest by budgeting this service between 5.000€ - 10.000 € and even 2 other were willing to pay more than 10.000 €. Unfortunately, 3 companies did not want to comment on this last subject.

5. Discussion

In order to obtain higher comprehension about the results' analysis, we decided to discuss it per sub-chapter so the reader can easily follow it. Once again, we remember readers that, we do not disclose the companies' name since, for our study, it is completely irrelevant to present it and could jeopardize the answers' quality as well constitute an obstacle for collecting a reasonable number of interviewed companies.

First, our idea was to present how the interviewed companies' sample was composed in terms of the size and industry. Besides wanting readers to understand well our sample, we also aimed to analyze whether some companies' profile were more willing to answer to these type of interviews/surveys than others. Following this thought, we were able to highlight some industries from the total sample since, through the data collection process, we gather higher response's rate from them (Advisory/Auditing, Banking, Construction, Energy, Oil & Gas, HealthCare, Recruitment, Pharmaceutical & Chemical, Professional Services, Other Services), which could be an indicator that, these industries, are more interested in this subject, create time to learn innovative concepts about corporate social responsibility and are more enthusiastic on providing their insights on new approaches. It is important to mention that, we can only state this possibility because there was no specific criteria on which companies were able to answer to our interviews (besides the need to be medium/large companies) and the surveys itself were shared randomly through the organizations' associates, also being equally distributed.

After this first analysis, we decided to ask about their main challenges. One of the literature review's key points on supporting shared value creation as core strategy, and not just as a corporate social responsibility strategy, is this approach's possibility to solve the most common business' challenges. For that reasoning, we needed to understand companies' main challenges. In this analysis, we got to learn that productivity, competition and innovation are sensitive issues for any organization, no matter the size or industry. As we mention before, these challenges are related to processes' efficiency, continuous learning within the company, subsequent investments on the organization, motivation factors affecting company's productivity plus any obstacles market related, number of clients, business volume and even problems regarding diversification, differentiating, redefining and rebranding products and services.

Going back to our literature review, we can clearly see how these problems can be addressed through a shared value creation strategy. As Porter and Kramer mention, and also with the help of practical examples, this strategy implementation normally occurs through three key ways (Porter & Kramer, 2011, p. 5):

1. Reconceiving products and markets (Intel);
2. Redefining productivity in the value chain (Nestlé);
3. Enabling local cluster development (Mc Graw-Hill).

As you can see, this strategy is mostly leveraged to unfold issues regarding products, markets, productivity and fostering innovation through local clusters. Taking these key ways into action, we could immediately resolve the three main companies' problems (productivity, innovation and competition) by addressing this strategy, solving 72,8% (sum of "productivity", "innovation" and "competition's" percentage) of the total challenges.

Although this strategy does not address directly "clients' loyalty challenges, it affects it indirectly since problems regarding products and processes' efficiency, as well adopting a strategy that benefits the communities, will disappear and even enhance quality's service and customer satisfaction.

To conclude this topic, we also want to highlight that 11,9% of the total companies state their strategy is no longer suitable, mentioning problems with their business model and others, which will result on an open-minded culture in the near future (in order to survive) for them to study new approaches and create an opportunity to implement innovative strategies like this one.

The next step was to identify companies' current corporate social responsibility programs, on what it consists and its development stages, and measure the number of companies pursuing/implementing into their organizations. Although we have a high percentage of implemented programs (81,3%), we need to make sure that these programs are appropriate, effective and compatible to the organizations' core business in order to maximize its impact (leveraging knowledge and resources) and confirm the added value to the companies and society.

In that sense, we asked decision makers on what consisted their programs and we reached one of the reasons to exist CSR unproductive programs, already explained in the literature review. Once again, underperformed activities are related with the CSR activities itself, which are created "*in generic ways instead of being the most appropriate to each firm's strategy*" (Porter & Kramer, 2006, p. 1). As you can see, it is exactly what companies mentioned by providing weak examples such as "community engagement", "donations", "partnerships", "promotion of good practices and recommendations", "volunteering" or "resources' efficiency". Such initiatives are not sufficient to constitute a whole program, not even following a specific framework or mentioning what these actions include (in terms of strategy, planning and implementation stages) and their impact., consisting only on uncoordinated initiatives trying to demonstrate companies' social sensitivity.

For that reasoning, such programs are not able to maximize its impact into the organization and society.

After executing this macro-analysis about the companies (size, industry, challenges and its CSR programs), we began to narrow our focus into the shared value creation concept.

First of all, we would like to know how many decisions makers/companies have heard about this recent approach so we could have an idea on how fast has the concept spread. Our intention was to not provide any clearance about shared value creation so we could see the current scenario. As the results shown, 68,8% confirmed they had some type of knowledge on the subject. But of course, we understand that, even though they knew their name wouldn't be disclosure, companies are very sensitive on issues regarding their knowledge and really want to show us how updated are about new approaches as well in embracing innovative concepts, even though it does not correspond with the truth.

From the mentioned companies above, only 54,5% demonstrated real knowledge. We were able to reach this number by comparing their description to Porter and Kramer's definition and by analyzing their shared value creation's initiatives already implemented as well the ones which they plan on doing it. Basically, this number decreased (from 68.8% to 54.5%) due to the misguided/narrowed view on what consists shared value creation as the lack of an overall framework for guiding shared value initiatives and skills to understand societal needs and its complexity.

Having concrete data about companies' interest and knowledge (in what it consists as well its advantages) on the concept, it is time to understand why some companies struggle to implement a shared value strategy so we could see if such struggles could be solved through a specialized consultancy service. The reasons are similar to those ones provided in the literature review as not having enough time to dedicate to such initiatives or do not own internal knowledge to implement it as their core business model. These reasons could be solved by the proposed service but other such as business priorities (some embed a social purpose or are more open to implement a social responsibility culture) or budget issues have to be pre-aligned in order to benefit with this service.

Finally, we were able to see this dissertation's purpose, analyzing the hypothesis of a need for a consultancy industry specialized in shared value creation. Proven that shared value creation concept can become the future companies' core strategy and that some companies are just not ready to apply it, even though exist an interest on the concept, it is time to understand if companies are willing to pay for such service. Once again, we considered the total companies' sample, not withdrawing companies that did not demonstrated any type of knowledge in the concept or those

who believe they can implement it internally since, some of those still shown interested in getting to know more about it and even budgeting for a specialized consultancy service. We concluded that 53,1% of the companies are interested, which automatically creates an impact on the consultancy industry and a clear opportunity for companies to emerge in order to satisfy these needs. We are confident to say that exists a clear opportunity for the consultancy industry since we believe the percentage of companies interested in the service would increase even higher if the concept and its advantages were explained, as it did not happen on our study since we wanted to understand the current businesses' scenario.

Also, there is another factor that boosts our confidence. We believe that medium-large size companies are capable of investing on these type of projects in the same amount as the consultancy industry is used to be payed for on other services like auditing, financial services or advisory. To confirm this belief, we provide them with alternative price categories to capture their insights on the service's potential price. Like we have demonstrated in the results' chapter, the great majority were willing to pay up to 5.000€ as the remaining companies were willing to pay even higher price, equally distributed between 5.000€ - 10.000 € and more than 10.000 €. These prices are consistent to consultancy industry project's average price, of course depending, for example, on the length and complexity of each project, which allow us to determine that emergent consultancy companies specialized on shared value creation would reach sustainable profitability.

6. Conclusions

This dissertation intends to be a contribution for the study of shared value creation as companies' core strategy. The relevance of this study gains importance due to a higher awareness and public pressure on companies' social responsibilities and attitudes to implement strategies concerning sustainability. From the beginning, we were very concerned on creating a direct link between the literature review's chapter and the results' chapter in order to take conclusions on the research questions.

We started to explain the several approaches for corporate social responsibility in the literature review. Our intention was to demonstrate on what consisted each approach and how did it evolve from one concept to another. More than demonstrating the evolution, describing each concept facilitates a comparison between them and ultimately, stand out shared value creation as the most updated strategy. By the end of this chapter, we already answered to the sub-research questions and provide enough literature, through practical examples and known authors' research, to readers understand the reasons why shared value creation is not considered a social responsibility approach but a highly-potential global strategy. In sum, it does not share any problem that the other approaches have such as philanthropy's focus concern (which institutions to donate and how to leverage those donations to create a measurable impact), venture philanthropy's prioritization concern (in shared value creation a social problem is chosen accordingly to what creates higher benefits to the company and community) and even catalytic philanthropy's negative perceptions are easily surpassed as shared value creation only succeeds if a company embeds a social purpose across all functions. Besides this reasoning, it was also shown the facts for companies not being capable of implementing this strategy on their own.

After the literature review's chapter, we began to collect results to reinforce our literature's findings. Our idea was to interview medium and large companies since are the ones capable of adopting such strategy and creating impact into the community but also, suffering from public pressure to embrace responsible and sustainable behaviors. This way, we partnered with known organizations to help us share our questions to the maximum companies as possible. It was particularly important to partner with these organizations because it allowed us to reach decision-makers, people that own enough knowledge and power to provide us reliable insights and predictions about our strategy.

Through the results' chapter we find out, some industries to be more interested and enthusiastic in learning new concepts on social responsibility, companies' main challenges could be solved by adopting a shared value creation strategy as the reasons to exist unproductive corporate social responsibility programs. More, we were able to measure companies' real

knowledge on the subject, their struggles on implementing it and their will for a specialized consultancy service.

In the end, we were able to conclude on the research question: there is a need for a consultancy service specialized in shared value creation. This occurs due to the recognition of the strategy's value but also due to the lack of internal knowledge and time, affecting their possibility to implement it internally and willing to hire a specialized consultancy service.

7. Limitations and Further Research

Limitations concerning this dissertation are related with the results' analysis, more concretely with the data collection. The first factor is due to, results' analysis being achieved through interviews to companies that were in partnership with GRACE and Pessoas@2020.

From the very beginning, GRACE was the most supportive organization and quickly showed us how to proceed to achieve our goals. However, companies responses were collected through a single platform (the ideal would be a mix of responses from several platforms) and, if these companies already developed some type of partnership with GRACE, being this non-profit organization mission to reflect, promote and develop social responsibilities initiatives (GRACE, 2015), it means they have already demonstrated a social concern and commitment to implement corporate social responsibility programs. In the end, the interviews' responses can tend to be more positive comparing to a sample where companies would be chosen randomly. With the Portuguese movement Pessoas@2020 did not exist such a problem since the requirements for people belong to this movement are not mainly related with their social responsibility concern.

The second factor is related to the number of responses. For the purpose of this study, it is only interesting to collect data from medium-size and large-size companies since they are the ones capable of creating an impact and, nowadays there is no demand for small-size companies to address a social responsibility program or be aware of new approaches. However, the number of existent medium and large-size companies are still huge comparing to those collected which means, the responses can indicate a trend but are not representative of the companies universe.

The third factor is concerned to the person responsible for answering the interview shared by GRACE. Although we know that was an actual company worker to answer the interview, we don't know for sure how capable was this person to answer the questions. We can only assume that, the company indeed indicated this person for his/her right skills and knowledge on the subject. With the Portuguese movement Pessoas@2020 did not exist such a problem since the interviews were sent to the Human Resources Directors' personal emails.

The last factor regards the companies itself. Although we collected results from medium and large companies, those answers may have been adapted/reflected according to the Portuguese social-economic environment, even though most of them were multi-national and international companies.

In terms of future research, we suggest studies for a market and financial analysis on a consultancy industry specialized on "shared value creation" concept as. Although this dissertation

confirms a need for this type of service by successfully addressing the importance of this concept as a strategy and its difficulties to implement in-house, it does not measure how many companies are demanding this strategy at short and long term or how many companies will be born to address this demand as well the amount needed to invest and its financial priorities.

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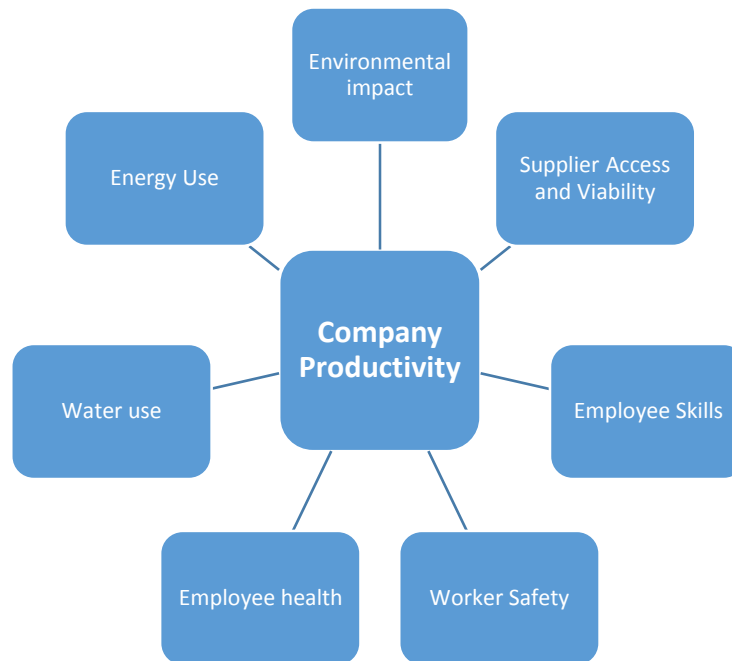
9. Appendices

Appendix I – Comparison of Traditional CSR and Creating Shared Value

	Traditional CSR	Shared Value
Motivation	Corporate reputation and license to operate	Competitive advantage
Driver	External stakeholders	Corporate strategy
Measurement	Spending, standard ESG metrics	Social and economic value created
Management	CSR departments	Across the whole company
Social benefit	Successful projects	Large-scale sustainable change
Business Benefit	Risk reduction and goodwill	New business opportunities

Source: Vaidyanathan & Scott, 2012

Appendix II – The connection between competitive advantage and social issues



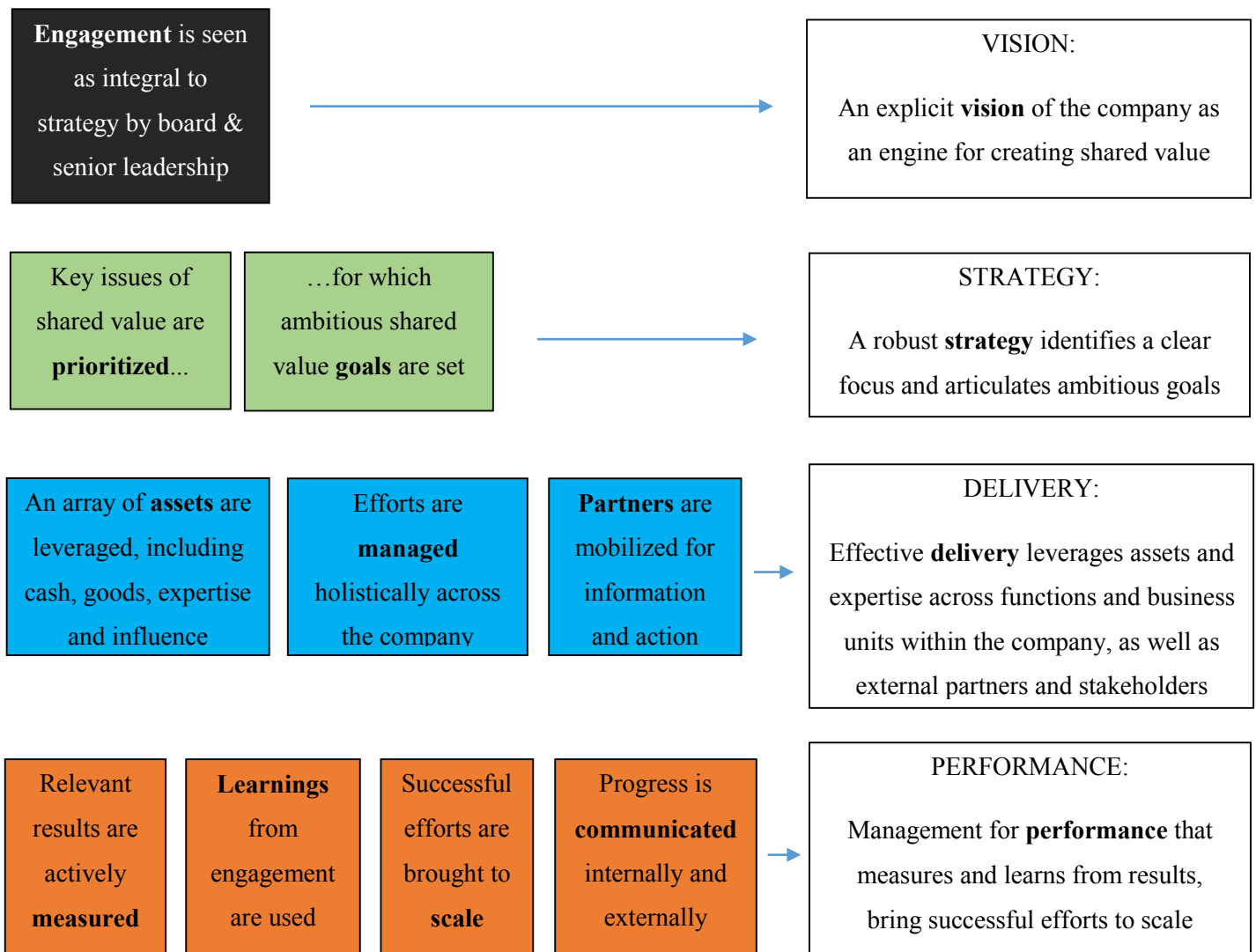
Source: Porter & Kramer, 2006

Appendix III – Changing roles regarding social impact

	Traditional Roles	New Roles
Companies	Donate to charitable causes	Initiate and scale shared value strategies
Philanthropists	Donate to charitable causes	Partner with companies and NGOs to catalyze shared value initiatives
NGOs	Receive grants to provide social services	Enable implementation of new shared value business models
Governments	Regulate business practices; operate social programs	Partner with companies and NGOs to make platform investments and support shared value strategies

Source: Porter, 2012

Appendix IV – The building blocks of creating shared value



Source: Bockstette & Stamp, 2011

Appendix V – Companies' interviews

The following questions were shared by GRACE and Pessoaas@2020 through their associates in order to obtain concrete data to the results' chapter:

- 1.** What is the industry and dimension (number of workers) of your company?
- 2.** What have been the three main challenges in your company this year?
- 3.** What type of Corporate Social Responsibility activities/initiatives do you have?
- 4.** Are you familiar with the concept "shared value creation"?
- 5.** How would you describe this concept?
- 6.** How did/would you apply this concept?
- 7.** Do you think there are enough resources (skills, budget, time) to apply these type of initiatives in your company? Why?
- 8.** Do you think "shared value creation" can be the future core strategy in your company? Why?
- 9.** Would you be interested on a specialized consultancy company service on this subject?
- 10.** How much would you be willing to pay for this type of service?