Generating shared value through clusters. Living examples in Catalonia

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1. Preamble

From the Cluster Analysis Area of Clusters Unit in ACCIÓ (Generalitat de Catalunya) a line of research and generation of knowledge has been boosted in order to spread some current topic issues for discussion related to clusters and new socio-economic challenges. The current article is related to the core subject of the Annual TCI Congress held last November 2014 in Mexico: the Shared Value.

In this sense, taking profit from the debate generated by sustainability and the future of capitalism system, on 2011 Michael Porter and Mark Kramer published the article Creating Shared Value at Harvard Business Review on the necessity of rethink the current economic approach. By making from societal benefit an aim as essential as monetary benefit, the authors bring a theoretical approach and some practical examples where they illustrate that a change of paradigm addressed to operate under Share Value guidelines is able to have a great power of transformation.

Being imbued by his desire of rethinking predetermined concepts related to the growing of nations, M. Porter himself has proposed recently a new measurement index that redefines, from a holistic point of view, what it is understood as development. The result is an indicator called Social Progress Index (SPI) that wants to go beyond the GDP per capita and incorporate three core dimensions: “human basic needs”\(^1\), “welfare fundamentals”\(^2\) and “opportunities for improving quality of life”\(^3\). M. Porter’s proposal to face the dual challenge for development consists on joining the GDP per capita and the SPI in order that economical dimension and societal dimension may fit in a sole index.

However, the idea of transcending the delimitation of growing and development of regions and countries to purely economic and financial variables is not new. As Michael Porter stated as well in his last conference, already Charles Booth (1840-1916) with “Life and Labour of the People in London”, was a scholar from London that stands out because of his attempt to produce poverty mapping of the city in a scientific way, in order to be able to face social requirements of the city, which were growing since Industrial Revolution.

Since then and from different disciplines and visions some work has been carried out in this sense. We should remark the appearance of recent initiatives related to new economic models as of Economy for the Common Good, economic and political concept promoted by the Austrian Christian Felber, which looks for the

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1. Indicators measuring the dimension of human basic needs make reference to the question if inhabitants of a certain country have enough food, if they receive medical assistance, their access to potable water and the health standards of the sewerage system, as well as adequacy of housing regarding the arrival of supplies and finally the level of the citizen security system perceived.

2. Indicators measuring the dimension of welfare fundamentals make reference to the access of inhabitants to basic education, free access to ideas and information from all over the world, life expectancy as well as health status of people (obesity, suicide rate, and level of exposure to pollutants, among others). It contains as well some information related to the question if in said country natural resources are used in a responsible way in order to preserve them available for future generations.

3. Indicators measuring the dimension of opportunities to improve the quality of life make reference to restrictions to people in exercising their rights: politics, freedom of expression, freedom of assembly, religious freedom, and access to housing, sexual option, among others.
establishment of a new model based on a sustainable economy, being alternative to capitalism and financial markets predominance; or the effort of some economists like Amartya Sen and Joseph Stiglitz, among others, in cooperation with the European Union Commission on the Measurement of Economic Performance and Social Progress, in their attempt to develop new manners of measuring the human welfare value beyond the GDP. Likewise, we should remark the existence of other proposals that are alternative to GDP as of United Nations Human Development Index (HDI), or the OECD Better Life Index, etc.

**Figure 1. Evolution of indicators related to progress.**

![Evolution of indicators related to progress.](image)

All the foregoing points to an idea focused on the “humanization” of capitalism in which up to date it has been considered as social welfare, which was seen as a “consequence of the economic growth”. Until today, the logic was that the purpose of improving the competitiveness of the companies of a country would increase their margins and therefore their contribution to taxes, which are applied *a posteriori* in social welfare politics.

Contribution to projection and development of the concept from the Clusters Analysis Area of ACCIÓ (*Generalitat de Catalunya*) has been materialised in the issuance of an own article with several sections. The first preamble put in a frame the contents to be developed in the article. In a second section, a theoretical frame is given on the notion, different authors are quoted as well as several schools of thought that have provided with knowledge within the field of shared value and it is exemplified the content with several international companies cases. In a third section, the relationship between the shared value and clusters is
introduced, given that cooperation among companies under a cluster key may suppose a social, environmental or labour improvement and at the same time it may improve the economic results of the company applying them. Additionally, some examples are given related to different initiatives carried out in the region of Catalonia in a cluster and inter-cluster level, like that of ACTM\(^4\) in order to develop clothes with high standards of comfort and care, that of FEMAC\(^5\) and AQÜICAT\(^6\) in order to encourage rural aquiculture of small producers in a sustainable and inclusive manner, or that of INNOVACC\(^7\) and CWP\(^8\), which look for improving waste-water treatment processes. Finally, the annex contains several alternatives to development measures that suggest a wider perspective than GDP for measuring progress of a country and well-being of each person.

\(^4\) Cluster Textile-Style of Catalonia.

\(^5\) Association of Manufacturers and Farming Equipment Export Companies of Catalonia.

\(^6\) Aquiculture Cluster of Catalonia.

\(^7\) Catalan Association of Pig Meat Sector Innovation

\(^8\) Catalan Water Partnership.
2. Definition of Shared Value

“Policies and operational practices improving the competitiveness of a company that simultaneously encourage the improvement of socio-economic conditions of the environment in which they do operate”.

This is the academic definition chosen by Michael Porter on 2011 in order to make known the concept of Shared Value. In a time where the level of confidence in capitalism is lower and lower and where all macro-economic variables showed that the way out from recession would be long and complex, a vision like that of Porter seemed to enrich with social content an economic system condemned by a majority. It pretended to be an evolution on the short-term idea of the ancient capitalism and dealt with problems being adjacent to business world. Since then, more and more voices are raised in defence of an alternative manner of understanding business.

Shared Value is a management strategy focused on companies that create business value being measurable at the time they identify and refocus social problems that are crossing over their businesses. In other words, within the framework of Shared Value new opportunities for companies, civil society organizations and governments that strengthen the link between market competence and social needs are created.

**Figure 2.** Connection between competitive advantage and social problems.

In this sense, new ideas involving creation of economic value by creating value for society are coming to light. By refocusing social needs and community challenges, the Shared Value suggests to the business sector the connection between business success and social progress, by adding at the heart of the matter the social issue without forgetting that the focus is that business continues acting as a business, without the perspective of NGO. It has to be with generating an equation where dependent variable keeps on being the productivity of the company, but where such variables as environmental impact, resources use, occupational safety, viability and access to supplier and health and skills of employees become (from being independent variables) a great ensemble dependent variable.

In other words, it is understood as an improvement on short-term model and as closeness to a long-term model. The proposal is run away from the old conception of short-term capitalism, where the introduction of a social improvement component means necessarily a restriction to the function to be maximized, an increase of total costs and inevitably a reduction of company benefits. On the contrary, we should think on wider, full and long-term notions. It is a matter of operating under a point of view that initially acknowledges that, indeed, there are internal costs deriving from the attempt of social improvement, but that its incorporation to the activity shall not suppose an increase of total costs. Why? Because being focused on social development open the doors to technological innovation or new business administration techniques, which in a long term may suppose some productive increases or expansions towards not known markets.

**What Shared Value is not**

The change of paradigm is linked to the capacity of stop thinking about short term: improvement of old ideas such as achieving immediate financial returns, personnel restructuring or relocation to low-cost areas fall outside the scope of Shared Value.

Therefore, it may be understood as a humanization of business operational activities. Even though, this aspect has been related historically with the idea of Corporate Social Responsibility (CSR), and Shared Value wants to be set clearly apart from what is understood as CSR until today.

While Corporate Social Responsibility does not understand the social context as a priority but as residual within a business project, Shared Value understands the social value as a part of the whole. It can be said that it is at the heart of the project. And this difference is important, as it turns social value in a business bet instead of understanding it as a part of a corporate marketing campaign to improve the competitive and evaluative situation of the company. The social component is not conceived as a tool for achieving an aim by means of an invoicing increase any more, it is no more a restriction and it becomes another aim that the company includes within the function to be maximized.

Following the above common sense and reaffirming the fact that when we talk about shared value we do not talk about personal values or redistributive approaches, but about expanding the total ensemble of social and economic value. Fair trade is not an example of acting under the guidelines of Shared Value. According to Porter, fair trade ends to be an activity with a redistributive intention more than being an activity that involves a creation and expansion of the total value, and therefore it is far way from the theoretical
limitations above described. It is important to remark that it is not a philanthropic redistribution of value: it is pure creation of significant social and economic value.

Summarizing, as Leslie R. Crutchfield, John V. Kania and Mark R. Kramer illustrate with the title of their essay, it is an approach to the philosophy of “Do more than give”.

**Figure 3.** How do we distinguish between creation of shared value and corporate social responsibility?

<table>
<thead>
<tr>
<th>CSR</th>
<th>CSV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizenship, philanthropy,</td>
<td>Joint company and community value creation</td>
</tr>
<tr>
<td>sustainability</td>
<td></td>
</tr>
<tr>
<td>Discretionary or in response of external pressure</td>
<td>Integral to competing</td>
</tr>
<tr>
<td>Separate from profit maximization</td>
<td>Integral to profit maximization</td>
</tr>
<tr>
<td>Agenda is determined by external reporting and personal preferences</td>
<td>The agenda is specific and it is fixed internally</td>
</tr>
<tr>
<td>Impact limited by corporate footprint and CSR budget</td>
<td>Realigns the entire company budget</td>
</tr>
</tbody>
</table>

**Example:** Fair trade purchasing

**Example:** Program to improve employee health

Example Cases related to Local and International Companies

IBM Case: (www.ibm.com/es/es)

IBM is an American multinational company of technology and consultancy, which, in order to contribute to integration and improvement of the running of its offices in Africa, Asia, East Europe and Latin America, created the CSC (Corporate Service Corps). It is a project allowing creation of shared value from the training of management team, not only in business terms but also in culture and problems of societies in which they operate. They study the problems of the city or region in which the company is established and, together with local organizations, NGOs and the Administration, they create a strategic plan in order to improve life conditions and the attraction of these regions. Likewise, it provides with a major growth of local economy of the company, so that its running is also improved. Shared Value is introduced in three manners:

- Communities solve their problems.
- IBM employees are trained on leadership and development.
- IBM develops new markets as well as global leaders.

Source: www.ibm.com/es/es

Figure 4. IBM Corporate Service Corps Website.
Brown's Super Stores Case: (www.shoprite.com)

Brown’s Super Stores is an American supermarket chain. In 2004 formulated a business model in which the objective and opportunity are the USA regions known as “food deserts”, with 25 million of people of potential customers. These regions have populations with nutritional problems (obesity, diabetes…) and social problems (unemployment, high crime rates…)

For the purpose of operating in these regions and make them economically viable, BSS focused in three key points:

- Changing the traditional role of supermarkets (being “more than grocery stores”)
- Optimization of the product being offered, “making people feel like home”
- Adjust the operative model of stores to minimise the costs without reducing the quality or the wages

In 2013, the 6 stores following this model (called ShopRite), employ more than 1000 people and they have achieved an income of 250 million $.

Figure 5. ShopRite Website.

Source: www.shoprite.com
Becton Dickinson Case: [www.bd.com/es](http://www.bd.com/es)

BD is a company of medical technology operating all over the world and it is addressed to manufacturing and distribution of medical devices, laboratory equipment and diagnoses products. At the beginning of the 80’s, a series of claims and studies talked about the growing problems related to giving a needle shot among the employees, and its danger because of the risk of infections (like HIV). BD sees this situation like a social need and like a business opportunity. They start to work from a strategy based on two points:

- Reformulation of products and markets: innovation for producing safer products
- Improvement of the local operative environment: creation of links with community for warn them of danger and influence the society in order to obtain more safety measures, employees training, etc.

Since 1988, the company has moved from earning $5 million in safety devices to earning $2,100 million in 2013. Socially, needle shots in nurses have been reduced in a 51% between 1993 and 2004. Further, BD has given support to changes in safety policies in a lot of countries (USA, EU, Russia, etc.)

Figure 6. HONOReform of Becton Dickinson Website, addressed to make public the good practice of health personnel using its products.

Source: [www.bd.com/es](http://www.bd.com/es)
Nestlé Case: (www.nestle.es)

Nestlé is the greatest food and agriculture company of the world, with more than 339,000 employees all over the world. From its position as market leader, it has bet on creation of shared value through all long the productive chain, like a manner of achieving long-term benefits for its shareholders as well as fort the whole society in general. For such purposes, it has been focused in these areas: nutrition9, water10, rural development11 and health and welfare of employees. In this last field, we should remark two projects. The first one is the Welfare Plan that was launched in Nestlé offices in Esplugues del Llobregat (Barcelona) last July 2011, gather an ensemble of initiatives going after the creation of a favourable labour environment by giving employees some knowledge within the fields of nutrition, postural workshops, motivation for regular practice of exercise and yoga classes. The other project is carried out in Cameroon, where they have a long-term plan in which the aim is eradicate malaria affecting employees in 2016.

Figure 7. Nestlé Website on shared value.

Source: http://www.empresa.nestle.es/es/cvc

9 Nestlé in 2013 issued the “Nestlé Nutritional Engagement”, which is fixed with 10 purposes focused on 3 areas (formulation of products, contribution to nutritional information and a bet on training and education).

10 Based on a double strategy, it pretends to affect a better and more efficient use of water. Firstly, upon “Nestlé Continuous Excellence”, this wants to encourage innovation in healthy products prepared with less water and energy. Secondly, it wants to minimize the consumption of natural resources in operations.

11 It offers assessment and technical assistance for the communities in which it operates in order to improve production practices with a double aim: the rural development and a better quality of products.
Biwel Case: [www.biwel.cat](www.biwel.cat)

Lots of companies begin to be aware of the importance of welfare, safety and health of their human capital in an integral manner, by taking into account the different dimensions of health and the different models that are decisive for it and the impact it offers to productivity and to the community in which the company operates. Likewise, we do not find only some companies that generate shared value, but we also find some companies that are born as suppliers of shared value. In this sense, the company Biwel comes along with the customer company in creating healthy environments with a continued improvement process that obtains an improvement of health conciliation and the acquisition of healthy habits in a sustainable manner, in and out of the organization, like a business strategy.

Biwel offers a diversity of services going from sensibility, training on specified subjects\(^\text{12}\) or integral action plans with the purpose of integrating the preventive and welfare culture and into the business management system.

Figure 8. Website of Biwel company.

Source: [http://www.biwel.cat/](http://www.biwel.cat/)

\(^\text{12}\) Re-education of postural habits (ergonomics), strategies for changing habits, exercise for prevention of musculoskeletal disorders, healthy nutrition, time management, stress and relaxation techniques, emotional health and positive psychology: courage, vitality, sense of honour, generosity, conferences about different subjects for preventing health risks, among others.
3. Shared Value and its involvement in working with clusters. Case examples

As Michael E. Porter and Mark R. Kramer explain in their article, the competitiveness of a company and the welfare of the community in which it operates, are strongly linked. A company needs a successful community not only for creating demand of its products but also for providing with crucial assets like occupation and opportunities for creating wealth for its citizens. Within the framework of the Shared Value it is defined a new role for business in society that, as already explained, goes beyond traditional models of Corporate Social Responsibility. In this sense, companies are able to create economic value by creating social value by means of the development of new products, services and markets, or by redefining the productivity of the value chain so that it has an impact in society challenges such as resources use, impact on the environment or health of employees. Furthermore, the capacity of creating shared value is equally possible in advanced economies, where demand for products and services to satisfy society needs are growing fast, than in developing countries that may be not recognised as viable markets even though they have even more urgent social needs.

At the same time no company is a self-sufficient unity. The success of a company is also affected by support structures being around it and it is in this point that the concept of clusters may be a key issue in order to create and generate shared value. Clusters do not only include companies but also other agents related to a certain business activity (institutions, associations, public administrations, homologation centres, technological centres, training centres, among others) so that they make possible that actors that before operated without being taken into account, may find within the ensemble cooperation debate an attractive opportunity for redesign their attitudes and positions and getting closer to a much more inclusive model than that carried out until now.

Thinking about networking as one of the main assets for dynamization of clusters, relationship among companies within the same may generate cooperative projects related to shared value, as well as the opportunity to fins partners allowing to carry out the project, as much to knowledge level as to financing level. At the same time, clusters are as well a tool allowing spreading concepts and breaking terms related to competitiveness and social and economic development such as the idea of “shared value”, as much to apply them to individual companies level as to cooperating projects.

Further, not only a company, or cooperation among several companies, may create projects of shared value, but practice and examples provided confirm that inter-cluster relationship is also possible in order to create projects and initiatives crossing the different fields of clusters to have impact on a certain element of the shared value: use of energies, use of water, health of employees, etc.

Provided the foregoing, business are aligned with tendencies in the priorities of consumers such as the major awareness for welfare, environment, health and social value contribution.
Clusters and Shared Value

- Networking among companies and actors of the whole chain of value for creating ideas and cooperative projects in order to improve efficiency of the chain of value of the sector.
- Spreading of breaking subjects related to competitiveness.
- New products and services responding to tendencies at a consumer level.
- Belonging to an ecosystem that allows the increase of possibilities in finding partners either at knowledge level or at financial level.
- Higher promotion and dissemination of results.

Example Case 1: Cluster Initiative ACTM

Consortium CONFORT&CARE, is born from cooperation of seven companies representing the chain of value of textile sector (from spinning process to weaving, finishing and sewing) and the support of two research centres, AITEX and FITEX. The core aim of the cooperation is the development of new clothing products that may respond to the markets needs detected by the companies being part of the consortium. These technological innovations are focused on improvements of comfortable nature of textures and their care throughout the cycle of life of the products, by means of manufacturing processes that are environmentally sustainable with the possibility of re-evaluating the product.

Technological Innovations within the framework of Confort&Care Consortium

- New spinning of natural and organic fibres and new processes on synthetic fibres such as texturing and self-crimping.
- Optimization of spinning process in order to maximize thermal and mechanical comfort.
- Dyeing/printing and finishing processes being more respectful with environment.
- Use of new analytical techniques for setting comfort parameters.

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13 Cluster Textile-Style of Catalonia.
15 Association of Research of the Textile Industry.
16 Foundation for Textile Innovation.
Example Case 2: inter-cluster Initiative FEMAC\textsuperscript{17} and AQÜICAT\textsuperscript{18}

It is especially interesting to value the output resulting from applying cluster policies under a Shared Value perspective. In this sense, there are two ways of connecting both concepts: Shared Value within the cluster and Inter-cluster Shared Value. Focusing the attention in initiatives that apply some operational policies with social awareness among clusters does allow us to talk about a really close case. It is the project which is born from cooperation between FEMAC (Future Emerging & Modern Agriculture in Catalonia from its Catalan name, Associació de Fabricants i Exportadors de Maquinària Agrícola de Catalunya) and AQÜICAT (Aquaculture Cluster of Catalonia), which is developed under the name Aquainnovate and has in Aerofeeder its final output.

\textsuperscript{17} Future Emerging & Modern Agriculture in Catalonia (Associació de Fabricants i Exportadors de Maquinària Agrícola de Catalunya).
\textsuperscript{18} Aquaculture Cluster of Catalonia.
In other events, such as constitution of clusters processes, cooperation between the administration and business world is much clearer. In the present case, cooperation inter-cluster has been minimally addressed in its first steps by institutional agencies (ACCIÓ) together with a global consultant agency specialised in sustainability strategies (BSD). Even though, regardless the administrative bodies have influence or not on the encounter, the acting process should not be different from that above described in Becton Dickinson case, where it was necessary to find an opportunity and design a strategy and value the results.

In the event of Aerofeeder, under the vision of promoting rural aquaculture of small producers in an inclusive and sustainable manner, the purpose of Aquainnovate has been focused on offering knowledge and technology that may contribute to improve the productivity and sustainability of the rural aquaculture within the sections at the Base of the Pyramid, with objectives such as promoting technological innovation in rural aquaculture and empowering rural aquaculture specialists with low income by means of offering them an integral model of support and recruitment.

In order to achieve the aims pursued, from the beginning two elements were essential: the component of low cost new technology that allowed aquaculture specialists to improve their economic results while environment in which they operate was respected, and a service platform being exclusively addressed to advice, training and empowerment of rural aquaculture specialists.

Improvement of environmental and economic situation of the small intensive exploitations with few economic resources was subject to the achievement of two basic premises: rethinking on how they were going to deal with insufficient oxygenation of the water of the pond in which they were operating and trying to have influence on the bad distribution of food by the organizations. By means of designing a self-propelled floating device that was regulated uniquely by a sole person and incorporated an oxygenation system based on some palettes stirring the water towards the atmosphere and a simultaneous distribution system of feed, they achieved to have an impact on both problems, as much to oxygenation as to feed distribution, at the same time that no alteration occurs on the ecosystem in which they operate. That way, the initiative approaches to the improvement as much to in business field as to respect for environment.

What initially has been developed in Lleida is now to be carried out in Mexico, where Aerofeeder has already been tested within the estate of Guerrero. Dissemination among organizations directly related to inclusive business and from agriculture sector in order to produce cooperation proposals and launch the project, at the time it achieves an increase of productivity, an income and work increase, the promotion of micro-entrepreneurs and the development of chains of value that are pursued from the very first beginning. Experience certainly shapes an initiative of Inter-cluster Shared Value that may serve as a model for the future creation of shared value among different clusters.
**Example Case 3: Inter-cluster INNOVACC\(^{19}\) and CWP\(^{20}\)! Initiative**

In this context of cooperation among clusters, the initiative carried out between INNOVACC (Catalan Association of Pig Meat Sector Innovation) and CWP (Catalan Water Partnership) meet the features that all projects under Shared Value criteria should meet: based on a potential environmental improvement in water treatment economic improvements are finally obtained through a reduction of operational costs.

The first contact of the initiative takes place in a meeting held at Catalan institute for Water Research (Institut Català de Recerca de l’Aigua, ICRA), with registered offices at H\(_2\)O Building of the Scientific and Technologic Park of Girona, with the assistance of companies and institutions associated to INNOVACC that previously had showed their interest in participating in an open project. The objectives that are fixed are defined by needs arising from the environment in which the companies and institutions are operating: innovation in water treatment, that is to say, a more efficient filtering and options of reusing water in slaughterhouses,

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\(^{19}\) Catalan Association of Pig Meat Sector Innovation.

\(^{20}\) Catalan Water Partnership.
melting rooms and processing industry by means of a detailed inspection of each EDAR (Waste Water Treatment Plants, from its Catalan name Estacions de Depuració d’Aigües Residuals) of the meat companies participating in the project.

Thus, the main objective that could have more repercussion on the total ensemble was studying the EDAR plants of the companies of meat pig sector. It was necessary to make an initial portrayal of the current situation of the plants that could later allow defining the more appropriate operational strategy for optimization of each of these plants participating in the project.

In this sense, many improvement opportunities were detected. They were from optimization of water consumption in different areas and processes of companies (cleaning processes of plants, water transportation until the ham room, mould refrigeration at furnaces, etc.), to optimization of management and control of aeration system of the waste-water treatment plant in order to guarantee the quality of the poured water, optimization of energetic consumption of the plant and automation of the process management, as well as optimization of the water treatment plant regarding pre-treatment processes, aeration process of the biological reactor and secondary decantation.

Likewise, a technical and economical assessment of the implementation of new technologies into said plants was necessary. As a result of detecting some potential operative improvements, some saving opportunities were identified for a medium annual average of €30,000, exceeding in some cases the amount of €50,000 on cost reduction. Further, in no case investment required more than 18 months to be refunded, and in some cases, time was lower than a year.

Therefore, facts evidence that from the initiative between the two clusters, a project that respected the main points any initiative that wants to operate by creating Shared Value must respect emerged: economical optimization and operation cost reduction calculated in the energetic consumption decrease between 10% and 35% and the energetic cost reduction between 15% and 35%. Creation of Shared Value.

The continued contact with the initiative is almost an obligation in order it ends like desired. The last phase of the process, then, consists on creating work sessions o permanent interlocution among all the actors of the project. It incorporates as well an area for generating opportunities with new companies, and finally, a structuring of R+D projects or new inter-cluster initiatives for the future.
4. Conclusions:

As Michael Porter and Mark Kramer explain in the article “Creating Shared Value” at Harvard Business Review, the need of rethink the current economic approach, the competitiveness of a company and the health of the community in which it operates are strongly linked. Companies require a community being able to create demand of their products as well as a favourable environment. At the same time a company needs of companies offering jobs and opportunities of generating social progress. Facing the needs and challenges of society do not have to increase necessarily the costs for companies, given that innovations in using technologies may emerge, improvements in operational methods and new approaches in management that predictably may allow an improvement of their competitiveness but also may provide with major benefits for society. Therefore companies have to reconnect their businesses with social progress.

Thus, differently from Corporate Social Responsibility, Shared Value is not a measure ex post or a response to a situation given but it makes part of the company’s day to day and of its competitive dynamics.

All companies may create shared value, but at the same time any company is self-sufficient. The success of a company is affected by structures of support surrounding it and for this reason the concept of clusters is a key point by the time of generating shared value, given the synergies emerging among companies and agents that in the past operated without taking into account themselves.

A cluster provides the companies with some intangible assets such as networking among companies of the whole chain of value, competence and other agents (universities, research centres, etc.) by increasing the potential to generate cooperation projects related to shared value. At the same time, it also allows the achievement of knowledge on how companies of a certain industry sector are competing, which are the tendencies and which strategic challenges are generating. These facts shall allow the companies to define strategies with a focus in social value in order to align businesses with tendencies in consumer’s priorities such as a major awareness of welfare, environment, health and social value contribution. Further, not only a company, or cooperation among several companies may generate projects around the shared value, but the inter-cluster relationship is also possible in order to create projects and initiatives that may cross the different fields of clusters so that they may have an impact on a certain elements of the shared value: use of energies, use of water, health of employees, etc.
Conclusions and involvement in working with clusters

- Clusters are a working tool that allows dissemination of concepts and breaking subjects related to competitiveness and social and economic development. They are not standing outside. Therefore, clusters are an ideal environment for “shared value” projects, as much to be applied on individual companies as to be applied on cooperating projects.

- Taking into account that networking is one of the main objectives of clusters dynamization, relationship among companies within the same cluster may make easier the dialogue on certain projects and may create cooperation projects related to “shared value”.

- These projects may promote targeting of endogenous assets within the territory.

- Further, practice and provided examples confirm that inter-cluster relationship may create projects and initiatives by crossing different fields in order to have an impact on a certain element of the shared value: use of energies, use of water, health of employees, etc.

- That way, businesses are aligned with tendencies in consumer’s priorities such as a major awareness for welfare, environment and social value contribution.
5. Bibliography:

- http://www.fsg.org/
- *Genuine Progress Indicator*, available at: http://genuineprogress.net/genuine-progress-indicator
Appendix:

Indicators beyond the GDP
Indicators beyond the GDP

Since the beginning of the Great Depression in the 30’s, the official efforts for obtaining systematic information on the evolution of economies have been essential for designing the economic and social policies. The scale more used is the Gross Domestic Product (GDP), which measures the value of final goods and services market produced in a society during a certain period of time.

The level and rhythm of GDP growth per capita determines the resources of a society to be expended in housing, health or nutrition, as well as for lightening the poverty, improving schools, transport or facing pollution. According to capitalist logic, interpreting GDP per capita like an approximated measure of welfare of a society would be reasonable.

However, the relationship between the GDP per capita and other components of social welfare is not direct or automatic. This question has been discussed since the origins of GDP and under the current economic recession has achieved significance. In 2008 at French Government initiative, the “Commission for Economic Productivity and Social Progress Assessment 21 with the purpose of identify the limitations of GDP like an indicator of economic productivity and social progress.

Among all the disadvantages that using GDP as a measure of welfare may suppose, probably the more relevant is the one of equating welfare with that strictly measurable in monetary terms. In this sense, there are several alternatives and approaches (some of them are old ones and some of them are newer) trying to propose a wider perspective than GDP does, among them we do remark the following:

Chart 1. Limitations of GDP per capita as a measure of welfare.

- It does not take into account environmental costs of the productive activity.
- When measuring the average income per capita, it does not inform on the inequality degree in income distribution.
- It does not take into account the variation of accumulated wealth (stock) or the deterioration of natural resources.
- It does not compute certain activities executed out of the market that are important for welfare (e.g.: care of children and old people).
- It may grow at the present but endangering the future welfare (over-exploitation of natural resources or acquisition of a high external debt).
- It does not measure some aspects that are out of the market and that in high income countries are valued increasingly (leisure time, housing conditions, satisfaction to life...)

1. Gross National Happiness Index (GNH):

In July 2nd, 1974, in his coronation speech, Jigme Singye Wangchuck stated "Gross inner happiness is much more important than gross domestic product ". He was 18 years and became, after his sudden father’s death, in the youngest king of the world.

The Gross National Happiness Index (GNH) is the national approach for measuring the welfare in the Kingdom of Bhutan in more psychological and holistic terms than GDP. It was designed for “achieving a harmonious balance between material welfare and spiritual, emotional and cultural needs, of our society”. The Gross national Happiness model mixes economic, social, environmental and cultural indicators.
2. Human Development Index (HDI):

Human Development index (HDI) calculated since 1990 by the United Nations Development Programme on the basis of the researching tasks of the Pakistani economist Mahbub ul Haq, is a summarized measure of human development that based on three indicators (life expectancy, education and GDP per capita) provides with some summarized information on economic and social development of countries. Differently from the other more recent indicators HDI excludes environmental indicators. Even it covers 187 countries, the limited range of indicators makes that its descriptive and explanatory value is limited for medium-high and high income countries.
3. Poverty Multidimensional Index (PMI):

Poverty Multidimensional Index (PMI) is also prepared by the United Nations Development Programme in cooperation with Oxford University and was published in 2010 within the frame of the twentieth anniversary of the Annual Report on Human Development. The PMI replaces the previous measures where poverty was defined by means of one-dimension measures, such as income. However PMI, by means of its 10 indicators, complements monetary measures of poverty, taking into account overlapping deprivations suffered by people at the same time. The index identifies deprivations across the same three dimensions as the HDI and shows the number of people who are multi-dimensionally poor (suffering deprivations in 33% of weighted indicators) and the number of deprivations with which poor households typically contend with.
4. Gender Inequality Index (GII):

Gender Inequality is still an important obstacle for human development and the disadvantages faced by women and children are a significant source of inequality. Too often, women and children are discriminated in health, political representation, labour market... that having so negative consequences for the development of their skills and for their freedom of choice. Gender Inequality Index (GII) measures gender inequalities based on three aspects: reproductive health, empowerment and economic situation expressed in labour market participation. The GII is developed within the same framework than Human Development Index (HDI) and Poverty Multidimensional Index (PMI) by the United nations Development Programme in order to explain in a better way the differences in distribution of success between women and men, by concluding that countries with a high gender inequality experience a more unequal distribution of human development as well.

Source: Compilation based on Gender Inequality Index, available at: http://hdr.undp.org/en/content/gender-inequality-index-gii

5. Genuine Progress Index (GPI):

The Genuine Progress Index (GPI) is the result of the improvement proposal (1995) on the index of Sustainable Economic Welfare prepared by the American economists Herman Daly and John Cobb in 1989, which gathers non-remunerated activities in the market and that, therefore, are not included in the GDP calculation, such as domestic work value, care of relatives or voluntary work. Additionally, it takes off the negative effects of delinquency, environmental impact, social inequality and external debt.
6. Better Life Index:

Since its creation, OECD develops indicators for measuring in a more accurate manner the progress of societies. In 2011 the Organization published the Better Life Index, an interactive tool that allows measuring and comparing the welfare in 36 countries on the basis of 11 core subjects for quality of life.

Since it was published in 2011 visitors have been encouraged to create and share their own Better Life Index by means of an interactive tool that allows punctuating each of the 11 subjects. Resulting graphical representation offers an exceptional vision of how countries punctuate according to priorities fixed by their own citizens. Contributions of users constitute a new perspective from which being able to assess public policies and their implementation.
7. Social Progress Index (SPI):

The Social Progress Index (SPI) prepared by the Social Progress Imperative\textsuperscript{22} is a disaggregated measure of welfare in three levels: satisfaction of basic needs for a dignified survival; the display of efficient instruments for social mobility, and the availability of opportunities for consolidating a lifestyle.

\textsuperscript{22} Social Progress Imperative is born from the alliance between Avina Foundation, Skoll Foundation and the Banco Compartamos of Mexico, together with the Institute for Strategy and Competitiveness of the Oxford University, the company Cisco Systems and other leaders and organizations, within the framework of the Council on Corporate Philanthropy and Social Investment of the World Economic Forum held in Dubai in 2009.
The Social Progress Index stands out from other indexes in the fact that it only measures indicators of results not effort measures, as it looks for offering a clear sight of the welfare level in each nation but not the effort to achieve it.

**Figure 8.** Indicators for calculation of Social Progress Index prepared by Social Progress Imperative.

- **Basi human needs**
  - Nutrition and basic medical care:
    - Undernourishment
    - Deep of food deficit
    - Maternal mortality rate
    - Child mortality rate
    - Deaths from infectious diseases
  - Water and sanitation:
    - Access to piped water
    - Rural access to improved water source
    - Access to improved sanitation facilities
  - Shelter:
    - Availability of affordable housing
    - Access to electricity
    - Quality of electricity supply
    - Household air pollution attributable deaths
  - Personal safety:
    - Homicide rate
    - Level of violent crime
    - Perceived criminality
    - Political terror
    - Traffic deaths
- **Foundations of wellbeing**
  - Access to basic knowledge:
    - Adult literacy rate
    - Primary school enrollment
    - Lower secondary school enrollment
    - Upper secondary school enrollment
    - Gender parity in secondary enrollment
  - Access to information and communications:
    - Mobile telephone subscriptions
    - Internet users
    - Press freedom index
  - Health and wellness:
    - Life expectancy
    - Premature deaths from non-communicated diseases
    - Obesity rate
    - Outdoor air pollution attributable deaths
    - Suicide rate
- **Opportunity**
  - Personal rights:
    - Political rights
    - Freedom of speech
    - Freedom of assembly/association
    - Freedom of movement
    - Private property rights
  - Personal freedom and choice:
    - Freedom over life choices
    - Freedom of religion
    - Early marriage
    - Satisfied demand for contraception
    - Corruption
- **Tolerance and inclusion**
  - Tolerance for immigrants
  - Tolerance for homosexuals
  - Discrimination and violence minorities
  - Religious tolerance
  - Community safety net
- **Access to advanced education**
  - Years of tertiary schooling
  - Women’s average years in school
  - Inequality in the attainment of education
  - Globally ranked universities

Source: Compilation based on Social Progress index, available at: http://www.socialprogressimperative.org

8. Happy Planet Index:

The Happy Planet Index, created by the English statistician Nick Marks, is an alternative Index for development, human and environmental welfare. It was first published in 2006 and it is periodically published since then every three years and it is prepared by the New Economics Foundation (NEF).

This Index is designed for measuring the development of countries on the basis of the life expectancy, the subjective perception of happiness and ecological footprint. Further, this index complements by studying the GDP and HDI of countries, in order to take into account the sustainability, economic solvency and economic status in which each of the countries are.
Figure 9. Indicators for calculation of Happy Planet Index prepared by New Economics Foundation.

Happy planet index (HPI)

- Life expectancy
- Life satisfaction: personal perception (subjective measure) of well-being
- Ecological print: how much land area is required to sustain a given population at present levels of consumption, technological development and resource efficiency

Source: Compilation based on Happy Planet Index, available at: http://www.happyplanetindex.org