

# European Alliance Against Coronavirus

Thursday 9<sup>th</sup> July 2020 at 8:30

## Shared value through Clusters

Working format is based on “*Gilles Rules*”:

1. conceptual framework
2. needs and disruptions
3. solutions

Speakers:

- Alberto Pezzi, ACCIO
- Xavier Amores, Catalan Water Partnership

[Link to session's recording](#)

### 1. CONCEPTUAL FRAMEWORK

#### Shared value: definition and three possible ways to create shared value

Shared value is “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.” (M.E. Porter and M. Kramer in 2011)

We can find three possible ways to create shared value:

1. Conceiving new products and market means providing products and service to disadvantaged communities in order to better align products and service with societal needs
2. Redefining productivity in the value chain across new business models that take into account specific societal needs and try to be more focused on an efficient use of scarce natural resources
3. Building supportive industry clusters at the company’s location with the goal of improving local business environment

#### Cluster and shared value

Alberto Pezzi explains that the shared value should be embedded in the firm’s strategy. Moreover, clusters can offer a lot of advantages that are not present at the firm level. Indeed, clusters are the ideal ground for creating value: they offer a wider engagement of different stakeholders and increasing opportunities for inter-cluster/ sectorial cooperation.

The cluster of Igualada is a good example of inter-cluster cooperation project with a shared value component. This cluster efficiently increased the competitiveness of the local firms across economies of scale and supply chain by reducing water contamination, which generated a great improvement in the local environmental.

Through this example, Alberto Pezzi underlined the two dimensions of cluster shared value. For its development, it is not enough to only work on the policy level but it is necessary to promote shared value across pilot projects and specific training.

### **Methodology for cluster shared value at cluster level and the example of CWP**

We can consider CWP as a good example of the first and second stage of this methodology, as has been explained by Xavier Amores. After the strategic analysis of social needs and challenges to be tackled from the cluster perspective, it is fundamental to identify short and long-term goals in order to define the methodological framework. CWP was able to identify one of the most important social challenges faced by the society, which is climate change. It demonstrated through various projects how clusters can contribute to the social and environmental challenges through the creation of shared value. CWP's goal is to promote a sustainable use of water in order to improve water management and treatment. Establishing a long-term strategy towards a new growth model based on sustainable competitiveness has to be the priority in the local and cross-border implementation.

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## **2. IDENTIFICATION OF DISRUPTIONS**

### **First disruption: environmental benefits coming from shared value**

*Source: Alberto Pezzi and Xavier Amores*

**Evidence:** Shared value allows to strengthen the relationship among actors within a network, putting together the stakeholders to be stronger. Clusters can support shared value creation, helping companies to construct new products and services which are better aligned with societal needs, redefining productivity in the value chain with a more efficient use of natural resources and developing skills of local suppliers. Generally speaking, shared value expands companies' businesses creating new value to share between companies and societies. It is the evolution of Corporate Social Responsibility concept. Cluster are the ideal grounds for creating shared value since they involve different stakeholders with common strategic long-term visions and challenges.

Shared value can help societies to address 2 of the biggest challenges we are facing nowadays: (i) growing inequality and (ii) climate change. Regarding the second, clusters can foster the achievement of sustainability objective supporting companies' sustainable goals and generating cooperation between stakeholders. One of the most important challenges societies and companies must face is the right assessment and management of productive contents or embodied values of the consumed resources within economic systems. Defining productive content, its real depletion, right consumption, and sustainable impact may be nigh on impossible. This issue arises because on an economic basis, humankind assumes "ownership" of resources without having to "recompense" resources for any losses of value or damage. Ultimately, resources are economically free to humankind. This inevitably leads to the generation of negative environmental externalities, which represent one of the biggest market failures. For this reason, support stakeholder cooperation can help environment and natural resources preservation.

**Geographical impact:** EU

**Stage of value chain:** value for societies

**Character of the disruption:** impact of shared value on societies and environment

**Time frame:** medium – long term

**EU action needed:**

- **Coordination:** (Creating Shared Value) CSV policies require a coordinated and long-term effort by EU (but also national and regional authorities).

**Recommendation:**

- Territorial competitiveness implies looking beyond simple economic productivity and in this context. Clusters have a strong social value and might already work on projects which with a shared value.
  - Horizontal cooperation initiatives often combine business and social objectives with positive effects in a specific community and human component (leadership, trust, strategic change, etc) is key in both cluster development and in creating shared value.
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## **IDENTIFICATION OF NEEDS**

- 1) It is still not clear how good practices and projects in some shared value contexts could be adapted, improved or directly transferred to other regions with similar problems. Transferability and replicability have to be key points in this field.
- 2) CSV it is still not a core topic in most cluster organizations' agenda
- 3) Need to identify social impacts and benefits in addition to environmental benefits. It is necessary also to find tools and methods to assess in the right way this social impacts