



Department of Business and Management

Chair of Organizational Issues in Marketing and Sales

CREATING SHARED VALUE
THROUGH RECALLING CULTURAL HERITAGE:
TWO STUDIES ON HANDICRAFT ACADEMIES
OF FASHION AND FOOD

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*To Laura and Attilio, my parents;
they are my silent sacrifice, my bright sunrise*

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Introduction

Rome, May 23rd, 2017

It's about 9 A.M., and I'm ready to leave home. I close my laptop screen and put it in my backpack.

It was October when I contacted my professor for the first time to start the thesis project. Together, we have spent much time studying Arts and Crafts academies as significant implementation of corporate social responsibility.

I have read academic articles, books, on-the-spot research, and guided tours to deepen my interest in craft academies, some of them being important in the creation of shared value (which literature considers an evolution of the concept of corporate social responsibility) and how these initiatives could be more authentic and effective than a marketing campaign.

Now that I have figured out this topic, I can find the right conclusion. But it's getting late, I have to go. I put on my backpack and go out.

In *viale Pola*, headquarter of my University, there is an important conference titled “*Appuntamenti con l'ingegno*”. It will be the first of a series; The topic of this first meeting is "Italian Fashion: Creativity, Trademark Protection and Governance Models".

I walk, and the sunlight welcomes and warms me up on a beautiful spring day. I arrive early, so the hall is not so full. I take advantage of it, to gain a place near the stage. I turn my pc on and enter the password for the connection.

The room becomes full quickly. I just have time to upload the file that I was writing, and the conference is about to start.

The first speech is from Emma Marcegaglia, President of Eni, who talks about the value of the brand “made in Italy”, which is up to 20% over the last year and equivalent to about \$ 200 billion. The companies that have secured this success, derive from the right mix of tradition and innovation. This is what distinguishes Italian brands around the world: being the result of great skill in craftsmanship and the obsessive research for quality.

Subsequently, it is the turn of the Minister for Economic Development, Mr. Carlo Calenda¹:

"[...] There are some chapters that need to be developed yet.

First. To strengthen tremendously the ability to generate talents ... to lead them. There are many initiatives today. The link between these initiatives needs to be further improved [...]. There are so many beautiful

¹ The translation is made by Vinicio Di Iorio

initiatives, including tutoring by major brands; There are so many companies that are doing it; we have to give it a linkage at country level.

Second. Sustainability. We can only win a game on a quality concept that goes beyond the idea of quality products; Product quality is not enough; also product traceability, product sustainability and the cultural environment in which it is born are relevant. That's exactly why our products are recognizable all over the world. Because there is a sense of unity in culture and tradition. When we organize training, production and sales, we have to remember these elements. So, in the fashion industry, as well as in another sector, such as the food-farming, I think the Italian industry must play the game attacking. We should stop saying: "we do not want any other problems, it is already difficult to produce!" It is true, it is difficult to produce; and if we have to map all the sustainability chains it becomes even more complex. But this is an investment, not a cost! In the long run, but also in the medium term, it repays. Because consumers have this attention, and they will have it more and more from now on. And they constitute new market niches, where we can be very strong. This is our challenge. "

His speech pointed out exactly what my research is focused on: *generating "in house" talents and enhancing the territory where the firms are located for realizing a sustainable way to grow.*

The *School of Arts and Crafts* in Solomeo, and the *Niko Romito Formazione* School in Castel di Sangro are two illustrious examples. The first one is about the high fashion market, founded by the famous "cachemire king" Brunello Cucinelli; The second in the world of cuisine, in the wake of the famous restaurant Reale (3*** Michelin) of the chef Niko Romito, the one and only chef with 3 stars who founded an academy.

Fashion and Food are two strategic assets for the "Made in Italy". These two realities share a common sense of *responsibility*: both have implanted their schools (and their business centers) in the country of origin. Those two realities, of Solomeo (Perugia) and Rivisondoli / Castel di Sangro (L'Aquila), are as small, as unknown... But thanks to the amazing cashmere jumpers of Cucinelli and the delicious cuisine of the Reale***, spotlights are switched on them. So, their reputation has increased due to their complementary activities about youth training. We may regard them as guardians of the local and national cultural heritage. Their activity has also triggered a considerable induction for the local community and the surrounding territory: from renovation to restoration, from student accommodation to ties with local suppliers, from press attention to academic research.

All of these circumstances clearly recall the most traditional ways of implementing the theory of *creating shared value* (which evolves from the concept of *corporate social responsibility*).

But if we investigate more deeply, we can see how all this media resonance is very similar to the one which arises from a sophisticated and *ethical marketing campaign*. And yet, by visiting those places, listening to those boys who are studying there, I noticed a fundamental thing that unites them: *authenticity*. Will it be true that a gesture is worth more than a thousand words?

So, in the first chapter it will be analyzed the world of CSR, its evolution and the most famous implementation cases. Despite this large number of situations exposed along the pages, at the end of the

literary review on CSR it will be exposed our proposal to enhance the implementation of CSR (and its evolution called CSV), enriching case studies, and finding a better way to create the largest value for the society through the companies. Those companies are the provincial realities; anyway they have chosen to bet on the elevation of ancient crafts that belongs to the national heritage –such as the chef and the taylor- for developing “in house” ideas and talents, and to focus on a sustainable development that could include the surrounding territory and the society.

The proposal of this research consists in enhancing the cultural heritage as the main tool for creating shared value. I spent whole days visiting those places, talking with apprentices to discover their motivations and insights.

Those guys have perceived the potential of the craftsmanship, recalling our illustrious heritage of highly-oriented quality products; products that are appreciated and demanded all over the world. Actually, the entrepreneur Brunello Cucinelli usually wishes craftsman a salary equal to that of an engineer... and if we consider the revenues of high-end luxury market, that wish is not so imaginative; the same is for chef of the high-cuisine.

Moreover, those two realities have a strong linkage with the local territory, both because the native lands are sources of inspiration and fertile land where to sow:

On one hand, the uncontaminated nature and the calm of the villages generate a relaxed and juicy atmosphere, that favors the stimulation of the creativity and the enhancement of the concentration (those two are the main ingredients of an excellent product). But it is only one side of the coin.

On the other hand, those territories are still alive thanks to the young apprentices and the employees of these companies that established there.

Therefore, these are two precious strategies of implementing CSR. In short, this is what creating shared value means.

1. Literary review on CSR and research question

1.1. Historical antecedents

It was the second half of the XIX century. Europe had been shaken by decades of wars with its inevitable horror, hunger, and social disruption, while the industrial revolution was prodigal with ruthless dynamics. Misery was widespread and, as always, some poor classes waited for the “liberation”, savior of the society with new and encouraging ideas.

An unbridled liberalism announced - not necessarily ill-intended - socializing and authoritarian ideas under the slogan of “The protection of workers' rights” which would be able to guarantee peace, brotherhood and goods belonging to everyone. Furthermore, it which would avoid proclaiming the source of greed, envy, social injustice and poverty. As always Capitalists wanted to convince proletarians of a utopia of a material sky on the Earth.

It was 15th of May, 1891 when *Rerum Novarum*, the *Enciclical on Capital and Labour* by Pope Leo XIII, was published

After these brief historical antecedents, and according to the distinctive peculiarities of the Church for the expropriated, for the proper relationship between capital and labor and the social stability required to improve the welfare of nations, it is like Pope Leo XIII, who was referring to the XXI century. So, it is interesting to introduce some elements of the encyclical, which begins²:

*“To Our Venerable Brethren the Patriarchs,
Primates, Archbishops, Bishops, and other ordinaries
of places having Peace and Communion with the Apostolic See.*

Rights and Duties of Capital and Labor

That the spirit of revolutionary change, which has long been disturbing the nations of the world, should have passed beyond the sphere of politics and made its influence felt in the cognate sphere of practical economics is not surprising. The elements of the conflict now raging are unmistakable, in the vast expansion of industrial pursuits and the marvelous discoveries of science; in the changed relations between masters and workmen; in the enormous fortunes of some few individuals, and the utter poverty of the masses; the increased self-reliance and closer mutual combination of the working classes; as also, finally, in the prevailing moral degeneracy. The momentous gravity of the state of things now obtaining fills every mind with painful apprehension; wise men are discussing it; practical men are proposing schemes; popular meetings, legislatures, and rulers of nations are all busied with it - actually there is no question which has taken deeper hold on the public mind.”

² http://w2.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html

During the discussion, the Pope explodes thorny and current issues like philanthropy. In the "Relationships between Social Classes", under the heading "The True Usefulness of Revelation" the Pope states that once the needs and convenience are met, it is a duty to help the poor with the superfluity. The invitation is aimed to redistributing the superabundance, whatever it is: of wit, of raw materials, of spirit ...

“Whoever has received from the divine bounty a large share of temporal blessings, whether they be external and material, or gifts of the mind, has received them for the purpose of using them for the perfecting of his own nature, and, at the same time, that he may employ them, as the steward of God's providence, for the benefit of others.”

In conclusion, probably Pope Leo XIII did not know that corporate social responsibility would become a lively and dynamic research question. Perhaps, he did not wish to.

Anyway, implications that this work has with the debate on corporate social responsibility are so many and so marked that we would like to start the research from here.

1.2. Evolution of CSR

The concept of corporate social responsibility (CSR) has a long and various history and shades of meanings. Although it is quite difficult to outline the precise borders of that thought, both in terms of space and time, we are going over again the footprints that researchers, students, businessmen, entrepreneurs and corporates have scattered along the history. The article by Carroll *Corporate Social Responsibility, Evolution of a Definitional Construct* (1999)³ is a useful map for orienting yourself in the vast world of CSR.

Official texts on corporate social responsibility were produced since the 20th century and most of these, have been composed only in the last 60 years. It is likely to think that developed countries were the fertile ground to sprout the seed of CSR. In fact, the USA was the homeland. It is not a coincidence, but the normal consequence of all the things that occurred in that piece of time.

1.2.1. From the 30s to the 40s

The earliest proofs of what we now call corporate social responsibility were written straddling the end of 30s and the dawn of 40s of the past century. Chester Bernard's (1938) *The Function of the Executives*, J. M. Clark's (1939) *Social Control of Business*, and Theodore Kreps' (1940) *Measurement of the Social Performance of the Business*, were the main references at that time, which introduced the word 'Social' combined with 'Business'. Also during 1940s, the *Fortune* magazine started investigate among business executives about their feeling of social responsibility. More in detail, in that period it was diffused to relate this concept to 'businessman'; probably because corporate did not occur in this dimension of business. So,

³ Carroll, Archie B. (1999). *Corporate Social Responsibility, Evolution of a Definitional Construct*. Business Society, 38.

we should make one step back, and to introduce the forerunner of corporate social responsibility, which is simply: social responsibility (SR).

1.2.2. The 50s. Businessman responsibility

The *Fortune* magazine's survey scrutinized opinions of a pool of businessmen, and as result, 93.5% of this sample agreed with the statements that "businessmen were responsible for the consequences of their actions in a sphere somewhat wider than that covered by their own profit-and-loss statements"⁴.

This specific figure was resumed by Howard R. Bower, in his *Social Responsibility of the Businessman* (1953) that raised one important question: "What responsibilities to society may a businessman reasonably be expected to assume?". Bower's works appear as a milestone along the path of CSR, and he looks like the "Father of Corporate Social Responsibility". How to limit and gaunt contained in his paperback triggered the debate on this topic, which give inspiration for the literature of the next decades.

1.2.3. The 60s. Responsibility becomes social

Nebulous and vague are the two adjectives mostly used to define CSR up to the 60s. Therefore, Research started to focus on a more precise description of that notion, bordering it to managerial context. Although it could appear like a wary intuition, it highlights the strategical dimension of this concept, evolving from the mere opinion of businessmen.

For this witty cue, we should thank Keith David (1960)⁵. Moreover, if we analyze his concept in-depth, we can perceive a thinner but precious hint: the relationship between the social responsibility and business power. His "Iron Law of Responsibility" states that "social responsibility of businessmen need to be commensurate with their social power" and "then the avoidance of social responsibility leads to gradual erosion of the social power". So, we must thank Davis for theorizing an original view of responsibility which arises a direct consequence of the amount of power that companies have been gaining. His statement is apparently trivial nowadays, but it was not at that time. Consequently, other authors sighted the reach of its implication.

This implication can be overflowing the typical boards of a business, overcome the economical and legal fields. To take this step was Joseph W. McGuire in the dawn of 1960. His book *Business and Society* (1963) stated "the idea of social responsibilities supposes that the corporation has not only economic and legal obligation but also certain responsibilities to society which extending beyond economic and legal obligation". It is easy to understand that this "supplementary" category of obligation is something more fine: it could be considered a sort of "moral" commitment or, better, an "ethical" one⁶.

⁴ Bower, H. R. (1953). *Social Responsibilities of the Businessman*. New York: Harper & Row, 44.

⁵ Davis, K. (1960, Spring). Can Business Affords to Ignore Social Responsibility? *California Management Review*, 2, 70-76.

⁶ McGuire, J. W (1963). *Business and Society*. New York, McGraw-Hill.

Although the debate will come up in the next decades, some of important bricks were laid right thanks to these writings. We suggest to keep in mind the notion of “economical” “legal” and “ethical” sphere of business, because from a nebulous concept they were going to mold together: all these cues are pieces of a bigger picture which will be accomplished during the next few years of 70s.

1.2.4. The 70s. Listening social movements

Between 1960s and 1970s, an important social renovation happened: from a specific interest status, social movement with respect to the environment, worker safety, consumers and employees were subjected to government regulation. It was common view that the sole responsibility for a corporation was to gain maximal financial return to stakeholders. But soon it had become apparent to everyone that this pursuing of the revenues should be in obeying of the law.

Social activist groups and others throughout the 60s gave voice and prominence to corporate social responsibility, and because of their work many agencies and commission were founded as that time. Environmental Protection Agency (EPA), the Equal Employment Opportunity Commission (EEOC), the Occupation Safety and Health Administration (OSHA), and the Consumer Product Safety Commission (CPSC) were the most important and representative ones⁷.

These characters were considered into the new CSR standpoint, as depicted in Harold Johnson’s (1971) *Business in Contemporary Society: Framework and Issues*: “A social responsible firm in one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also considers employees, suppliers, dealers, local communities and the nation”⁸. His thought evolved pages after pages along the book, pointed out different views. They were: the long-run profit maximization, utility maximization, comply a multiplicity of interests... all pieces of the same puzzle, which should be assembled all together because of their complementarity. That is another important hint: CSR allows company to achieve goals which are apparently different.

A pioneering contribution came from the Committee for Economic Development (CED) articulating three concentric circles definition of social responsibility:

- The *inner circle* includes basic responsibility for a sane economical execution: products, jobs, economic growth.
- The *intermediate circle* incorporates executing previous economic function with a sensitive awareness of changing social values: environmental preservation, relationship with employees, fair treatment.
- The *outer circle* involves all action focused on being proactive and improving the social environment: helping society.

⁷ Carroll, A. B. (1991, July/August). The Pyramid of Corporate Social Responsibility: Toward the Moral Mangement of Organizational Stakeholders. *Business Horizons*, 34, 39.

⁸ Johnson, H. L. (1971). *Business in Contemporary Society: Franework and Issues*. Belmont, CA: Wadsworth.

I would like to meditate on these statements above; these goals are structured like a sort of *Matryoshka*, where the smallest and the core is the economical aspect: revenues must be higher than costs. Then there is the environment where a company operates: it is the legal portrait, and it regulates the way a company makes profits and whether money is made in the right way.

Finally, there is the third level or, the encasement: it holds all the previous and concerns something non-directly required to business: it is the ethical attitude. This could appear like a mere speculation on the CED's definition. However, it is something that will take place soon, thanks to the contribution of probably the most important author in terms of CSR. This author is Carroll. He is going to make these portions in a sort of hierarchical and complementary structure at the same time.

Debate goes on, and the relationship between business power and social responsibility (David, 1960) was enriched by George Steiner's *Business and Society* (1971) who enhanced this link in terms of size: "The larger a company becomes, the greater are these responsibilities, but all can assume some share of them at no cost and often at a short-run as well as a long-run profit"⁹. That is nowadays, multinational companies are the most engaged with social initiatives.

In hindsight, well-known economist Milton Friedman had already said something similar: the long-run profit was not unknown, also whether the reasons behind this aim were so far and so different. In 1962 he mentioned that "few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible"¹⁰. If the Friedman's opinion was not clear enough, it is useful to see one other work, that was published in 70s. In *The Social Responsibility of Business Is to Increase Its Profits* (1970) the writer criticized the social responsibility of business, which are –for him– "notable for their analytical looseness and lack of rigor"¹¹. His arguing is because "in a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business [...] and the manager is the agent of the individuals who own the company" (p. 211). So, his primary responsibility is to them. Anyway, an executive may have his many other responsibilities that he recognized voluntary, such as to his family, his feeling of charity, his city... but in respecting every of these cases, he is acting as a principal, not as an agent. This is an emblematic example of *principal-agent problem*. Whether the cause comes from asymmetric information, consequences realized inefficient decisions and, at the worst, loosing corporate goals. Furthermore, when an executive pursues "sustainability goals" rather than stakeholders as an agent, making philanthropic actions... these programs could be considered a sort of "imposing taxes, on the one hand, and deciding how tax proceeds shall be spent, on the other"¹². This process arises two political issues:

⁹ Steiner, G. A. (1971). *Business and Society*. New York: Random House.

¹⁰ Friedman, M. (1962). *Capitalism and Freedom*. Chicago: University of Chicago Press

¹¹ Friedman, M. (1970). *The Social Responsibility of Business Is to Increase Its Profits*. *New York Times Magazine*, September 13. p.211

¹² Friedman, M. (1970). *The Social Responsibility of Business Is to Increase Its Profits*. *New York Times Magazine*, September 13, p. 212.

- 1) Principle- imposition of taxes and its expenditure proceeds are governmental functions. It could state the phenomenon called “taxation without representation”, because society has elaborated sophisticated constitutional and juridical requirements to guarantee the public needs satisfaction.
- 2) Consequences- When an executive, who is selected to serve as an agent for the principal, starts to impose taxes and spends money for social purposes, he becomes a “public employee”, even though he remains an agent for a private enterprise. So, social responsibility involves acceptance of the view that political –and not the market- mechanism is adopted to allocate scarce resources.

This is very close to the *Second fundamental theorem of welfare economics*, that states: “Any efficient allocation can be attained by a competitive equilibrium, given the market mechanism leading to redistribution”. This theorem is important because it allows for a separation between efficiency and distribution matters, those supporting government intervention will ask for wealth redistribution policies. Now it is clear that the role of executive is completely different from the governmental one, and in practice the doctrine of social responsibility is frequently a cloak for actions that are justified on other grounds rather than a reason for those actions. Friedman concluded his assessment with these emblematic words: “this (CSR) is one way for a corporation to generate goodwill as a by-product of expenditures that are entirely justified in its own self-interest”¹³.

Probably this above statement is the most pragmatic interpretation of corporate social responsibility, but it is not the only one. In fact, as introduced at the beginning of the chapter, the 70s was the decade of proliferation for this field. So, the news of the 70s do not end here.

Even though in an embryonic state, it began to take shape the concept of corporate social performance (CSP) as a different shade of CSR. One of the major authors to underline this distinction was S. Prakash Sethi (1975), that in *Dimensions of Corporate Social Performance: An Analytic Framework* classified three kinds of corporate behavior that might be called “social obligation”, “social responsibility” and “social responsiveness”¹⁴. The first one is a behavior in the most traditional sense: it is a response to the market forces or legal constraints. Social responsibility goes beyond the previous one, that means to bring corporate behavior to an upper level where it is “compatible with the prevailing social norms, values and expectation of performances”. The writer stated that while social obligation is proscriptive on nature, social responsibility is prescriptive. At a first sight, these two terms are synonymous, but while “proscriptive” is prohibiting or proscribing according with a norm, “prescriptive” is pertaining to prescribing or enjoining an action or behavior based on a norm¹⁵. At least, social responsiveness could be considered as the adaptation of corporate behavior to the social needs.

¹³ Friedman, M. (1970). The Social Responsibility of Business Is to Increase Its Profits. *New York Times Magazine*, September 13, p. 213.

¹⁴ Sethi, S.P. (1975). *Dimensions of Corporate Social Performance: An Analytic Framework*. *California Management Review*, 17, 58-64.

¹⁵ <http://wikidiff.com/prescriptive/proscriptive>

This step is anticipatory and preventive, as written also by Ackerman (1973). In *How Company Respond to Social Demands*, the author anticipated the thin gap between what organization's relevant public expect its performance to be and the organization's actual performance¹⁶. This sort of blank space opened in the middle, was called "zone of discretion", neither regulated nor illegal nor sanctioned, but it wetsuits depending on the context in which the company is immersed. The enterprise may notice the gap and choose a reaction to close it¹⁷.

A more institutional role for CSR raised from the book *Private Management and Public Policy: The Principle of Public Responsibility*, Lee Preston and James Post (1975). They emphasized the recipient of these actions, and talked about the "public responsibility" in terms of the whole actions made by a company which had, as one and only aim, the precise context of public life. They intercepted the need to bring order among the proliferation of statements about CSR raised since 1970, to make them more realizable and realistic. In fact, the main limit of this doctrine was still the vague implementation especially in terms of defining involvement field. Hopefully, they stated that "the scope of managerial responsibility is not unlimited, as the popular conception of 'social responsibility' might suggest, but specifically defined in terms of primary and secondary involvement areas"¹⁸.

Into the sunset of the 70s, the basis of the conceptual model of CSP as we know today were laid by Archie B. Carroll in 1979¹⁹. He proposed a four-part scheme of CSR which, step by step, goes to fulfillment of corporate social performance. The path for realizing CSP needs three requirements:

- 1) a basic definition of CSR
- 2) an understanding/enumeration of the issues for which a social responsibility existed
- 3) a specification of the philosophy of responsiveness to the issues.

At the time of his proposal, literature has defined only three fields where CSR realized itself. They were: economical (to make profits), juridical (obey the law) and beyond the previous (someone means public needs, others mean the environment as whole). Therefore, he offered his own definition in quotes: "The social responsibility of business encompasses the economical, legal, ethical and discretionary expectation that society has of organizations at a given point of time".

So, analyzing these four levels in steps, we shall notice that the economical component is the minimum expectation required by society, it means to produce goods and services and sell them at a profit. That is all. Consequently, there is a legal environment, which represents "the role of the game" by which business is

¹⁶ Ackerman, R. W. (1973). *How Company Respond to Social Demands*, Harvard University Review, 88-89.

¹⁷ Ackerman, R. W. and Bauer, R. (1976). *Corporate Social Responsiveness*. Reston, Virginia.

¹⁸ Preston, L. E. and Post, J. E. (1975). *Private Management and Public Policy: The Principle of Public Responsibility*. Englewood Cliffs, NJ: Prentice Hall.

¹⁹ Carroll, A. B. (1979). *A Three-Dimensional Conceptual Model of Corporate Social Performance*. *Academy of Management Review*, 4, 495-505.

expected to function. Third facet is the ethical responsibility, which means to assume behavior that society expects business to survey. But it is not enough. The expression “to go beyond” is not fully explicated.

There is a fourth facet, that Carroll calls “discretionary responsibilities” which consists in a deliberate role that business assumes but for which society does not provide as straightforward an expectation as it does in the ethical responsibility. Examples of voluntary activities, during the time in which it was written, included making philanthropic contributions, training the unemployed, conducting in-house programs for drug abusers, providing day-care centers for working mothers.

Nowadays, we can enrich the list with other types of programs; the one we are going to take in consideration is the education program for enhancing cultural patrimony across years and generations²⁰. It is possible also to see an analogy with the CED’s third circle.

1.2.5. The 80s. Schemes and conjectures

What happened at the end of the 70s was an important sign to where the debate was going in the next decade. As perceived by intuition, mainly literature was focusing on the CSR, the others realized many implications about that. “Corporate social responsiveness”, “Corporate Social Performance”, “business ethics”, “public policy” and “stakeholder theory” were only few, but the majors, items were building up.

In 1980, Thomas M. Jones in an excerpt of his *Corporate Social Responsibility Revisited, Redefined* denounced two critical facets of CSR: “First, the obligation must be voluntary adopted; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty influenced shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities”²¹. Moreover, his contribution does not end there, but he underlined the importance of CSR as a process, not as an outcome. Even though, this description of CSR was considered as insufficient.

Instead, since 1975, Preston and Post have already proposed the term “public responsibility”. Furthermore, they enriched public responsibility concept, just a few years on, in 1981, inserting the public responsibility into the larger context of the “public policy”. They affirmed that “public policy includes not only the literal text of law and regulation but also the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements and enforcement or implementation practices”²². The implications of this analysis are of two orders; primary involvement embraces the essential economic task of the firm, such as the location of its facilities, procuring suppliers, engaging employees, carrying out its production functions and marketing products. Secondary involvement arises as consequences of the primary: it concerns career and earning opportunities for some individuals, which come from the primary activity of selection and

²⁰ This question will be examined in depth into the chapters ahead. It represents the soul of our research.

²¹ Jones, T. M. (1980). *Corporate Social Responsibility Revisited, Redefined*. California Management Review, 59-65.

²² Preston, L. E. and Post, J. E. (1981). *Private Management and Public Policy*. The Principle of Public Responsibility. Prentice Hall, Englewood Cliffs, NJ.

advancement of employees. Meanwhile, authors are in favor of business involvement in public policy process, especially in areas where public policies are not yet clearly defined.

The evolution of this approach was parallel to the study of the scope regarding business-government relationship, which is focused on both government regulation and corporate strategies to influence these regulations, including campaign contribution, lobbying, coalition buildings, grassroots organization, corporate public affairs and the role of public interest and another advocacy group²³. However, it does not close the debate.

Frank Tuzzolino and Barry Armandi (1981)²⁴ proposed to applicate the Maslow's need hierarchy to the organizations, for a better investigation onto the criteria which should be fulfilled by CSR. Then, Dalton and Cosier (1982) presented a 2X2 matrix where they schemed the four facets of CSR which raised from combination of "illegal" and "legal" way to operate, and "irresponsible" and "responsible" behavior.

Into a continuing stream of efforts to associate such a concept as CSR to other similar notions and to the environment interface contributed also by Rich Strand (1983)²⁵, who illustrated such related concept like social responsibility, social responsiveness and social responses connected to another organizational-environmental model. It helped Carroll (1983) to reorient his fourth part of the CSR scheme, specifying that "discretionary area" involves "voluntarism and/or philanthropy"²⁶, because they seemed to be the area from which the best examples of discretionary activities come from.

Furthermore, other authors updated their assertions too. It is the case of Peter Drucker, that forged a new meaning for CSR after his first version dated 1954²⁷. Whether his initial statement about the compatibility between profitability and responsibility was not so innovative among the whole writers community that assumed the same from a few years before, the interesting introduction given in 1984 was relevant inside the academic world and outside its borders as well. Particularly suggestive is his assumption that business ought to "convert" its social responsibilities into business opportunities. That is the main line:

*"[...] But the proper 'social responsibility' of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth"*²⁸.

²³ Vogel, D. (1986). The Study of Social Issues in Management: A Critical Appraisals. California Management Review, 28 (2), 142-152.

²⁴ Tuzzolino, T and Armandi, B. R. (1981). A Need-Hierarchy Framework for Assessing Corporate Social Responsibility. Academy of Management Review, 6, 43-64.

²⁵ Strand, R. (1983) A Systems Paradigm of Organizational Adaptations to the Social Environment. Academy of Management Review, 8, 90-96.

²⁶ Carroll, A. B. (1983) Corporate Social Responsibility: Will Industry Respond to Cutbacks in Social Program Funding? Vital Speech of the Day, 49, 604-608.

²⁷ Drucker, P. F. (1954). The Practice of Management. New York: Harper & Row.

²⁸ Drucker, P. F. (1984). The New Meaning of Coporate Social Responsibility. California Management Review, 62.

First examples of empirical evidences started in these years, as is demonstrated in the work of Philip Cochran and Robert Wood (1984)²⁹ which reports the analysis of a relation between financial performances and CSR. The aim of the research is to discover if social responsible firms are also profitable firms. After a recognition on the vary performance pointers used in the past years, they decided to start from a reputation index, called Moskowitz index, developed by Milton Moskowitz in the early 1970s. This indicator categorizes companies in the following groups: “outstanding”, honorable mention” and “worst”.

But Cochran and Woods admitted the weaknesses of this measure. On the path of an understanding relation between profitability and CSR contributed also the study of Aupperle, Carroll and Hatfield (1985)³⁰. The research operationalized Carroll’s four-parts definition of CSR and sought the opinion of a pool of executives. The study confirmed the sequence of these four parts, in this order: economic, legal, ethical and discretionary. But at second and more interesting, it demonstrates that there are only two facets of CSR: “economic”, labeled as “concerning economic performance” (on the part of the firm) and “legal, ethical and discretionary”, which they labeled “concern for society” (on the part of the firm).

So, not everyone sees the economic dimension as a part of CSR, but rather consider it as something firms do for their own business. At least, they stated that the commitment and importance a firm devotes for the remaining three categories indicates its social orientation. On this hand, Freeman (1984) contributed a lot with his book, that cements the relationship between business and society. Before that, stakeholder management had been included within the integrative theories group because some writers believed that this form of management is a way to integrate social demand. From then on, stakeholder management started to become an ethical based theory. In fact, the conventional view of the firm assumed that executives had an exclusive fiduciary duty towards stockholders and not, as introduced by Freeman, a “fiduciary” relationship with stakeholder³¹. He understood as stakeholder, those groups who have a stake in or a claim on the firm (suppliers, customers, employees, stockholders and the local community). Following this theory, a social responsible company involves simultaneously attention to the legitimate interests of all appropriate stakeholders and must balance such a variety of interests and not only the safeties of the firm’s stockholders. Argumentations taken by Kantian capitalism support this normative stakeholder theory³².

But point of views proliferate, and other authors elaborated a sort of instrumental theories, where CSR has an essential marketing role. Cause related marketing has been defined as “the process of formulating and implementing marketing activities that are characterized by and offer from the firm to contribute a specified

²⁹ Cochran, P. L. and Wood, R. A. (1984). Corporate Social Responsibility and Financial Performance. *Academy of Management Journal*, 42-54.

³⁰ Aupperle, K. E., Carroll, A. B. and Hatfield, J. D. (1985). An Empirical Investigation of the Relationship Between Corporate Social Responsibility and Profitability. *Academy of Management Journal*, 28, 446-463.

³¹ Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman, Boston.

³² Evan, W. M. and Freeman, R. E. (1988). A Stakeholder Theory of the Modern Corporation: Kantian Capitalism, in Beauchamp, T. and Bowie, N. *Ethical Theory and Business*. Prentice Hall, Englewood Cliffs, 75-93.

amount to a designated cause when customers engage in a revenue-providing exchanges that satisfy organizational and individual objectives”³³.

1.2.6. The 90s. Philanthropy beyond ethics

The ferment of previous years will be calming. Not so much literature occurred at that time, but more than others this period was the yield of exploration for further horizons and for conceptualizing alternative themes.

Fresh ideas boomed from the traditional CSR; CSP, stakeholder theory, business ethics theory, and corporate citizenship were the main topics that developed in the 1990s. Some of these, have been rooted into the ground of previous years, but always unavoidably with the well-known corporate social responsibility. Whether a few, contributions to the treatment of CSR were also important, because they brought the order to the question and cemented areas that appeared smoked and vague.

The first important support came in 1991, from Donna J. Wood³⁴, that revisited the CSP model, which was introduced by Carroll in 1979 and then it was developed by Wartick and Cochran (1985). The three dimensions of which CSP is built on as Carroll suggests, became “principles”, “processes” and “policies” following Wartick and Cochran’s (1985) formulation. Wood reformulated these previous stages into three different principles. First, she took the four domains of Carroll (1979) and recognized how they related to the CSR principles of social legitimacy (institutional level), public transparency (organizational level), and managerial discretion (individual level). Second, she identified the methods of CSR, which overcame the articulation of responsiveness categories (reactive, defensive, accommodative, proactive) that Wartick and Cochran expressed as a policy, and exalted processes such as environmental assessment, stakeholder management and issues management. Third, she took their policies, which were the elaboration of what Carroll called “social issues” (1979) category and reorganized them as a new topic concerning corporate behavior.

In summary, Wood’s model (1991) was much more clear and comprehensive than the previous one made by Carroll (1979) and Wartick and Cochran (1985), and announced questions that were consistent in the earlier years’ models.

More or less at the same time, Carroll (1991)³⁵ improved his fourth part definition, changing “discretionary” dimension with “philanthropic” dimension, and suggested that it meet the “corporate citizenship”. Furthermore, he stated that “these four categories or components of CSR, might be depicted as a pyramid”. The pyramid of CSR depicted the economic category as the foundation upon which all others rest and the upward build through legal, ethical, and philanthropic categories.

³³ Varadarajan, P. R. and Menon, A. (1988). Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. *Journal of Marketing*, 52 (2), 58.

³⁴ Wood, D. J. (1991). Corporate Social Performance Revisited. *Academy of Management Review*, 10, 758-769.

³⁵ Carroll, A. B. (1991, July/August). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34, 39-48.

For CSR to be accepted among conscientious people, it should be enclosed in a way that all the entire business responsibilities were comprised. Focusing on each single part of CSR, we could assume that:

Economic responsibilities have an historical reason, because companies were born to create goods and provide services to customers (which belong to the whole societal members) needed or desired. Because of this approach there is maximization of the profit. It is the starting point to achieve all the following steps of the pyramid. Some important statement about economical responsibilities are:

“It is important to perform in a manner consistent with maximizing earning per share.”

“It is important to be committed to being as profitable as possible.”

“It is important to maintain a strong competitive position.”

“It is important to maintain a high level of operating efficiency.”

“It is important that a successful firm be defined as one that is consistently profitable.”

Legal responsibilities represent an important part of the “social contract” between business and society. Earning a profit should be the main feature while accomplished by respecting the law, as well as in accordance to regulations promulgated by federal, state, local community, and government. It is quite interesting to notice that the legal framework could be considered like a sort of “codified ethics” in the sense that they embody the main notions of fair trade as established from lawmakers. The main responsibilities about legal framework could be:

“It is important to perform in a manner consistent with expectation of government and law.”

“It is important to comply with various federal, state, and local regulations.”

“It is important to be a law-abiding corporate citizen.”

“It is important that a successful firm be defined as one that fulfills its legal obligations.”

It is important to provide goods and services that at least meet minimal legal requirements.

Ethical responsibilities respect all customs which are non-disciplined by the law, but that are important for societal members. As societal member, it is common to include consumers, employees, shareholders, and local community and official organizations. For example, environmental associations, civil right, and consumer’s movements embody alterations of social values, even though these do not represent a violation of the law. Most important ethical assessment are:

“It is important to perform in a manner consistent with expectations of societal mores and ethical norms.”

“It is important to recognize and respond new or evolving ethical /moral norms adopted by society.”

“It is important to prevent ethical norms from being compromised in order to achieve corporate goals.”

“It is important that good corporate citizenship be defined, as doing well what is expected morally or ethically.”

“It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.”

Philanthropic responsibilities embrace those corporate behaviors that in response to society’s expectation that business be good citizen. The difference between philanthropic and ethical aspects is thin, but it appears clearly if framed in the right perspective: philanthropy is something above ethics, it is discretionary and it depends on the discretion of the company. If corporation does not comply the level desired by the societal community, it does not consider the company as immoral or unethical. Most common cases includes business contributions of financial resources or executive time, such as contribution to the arts, education or the community. Philanthropic responsibilities concern:

“It is important to perform in a manner consistent with the philanthropic and charitable expectations of society.”

“It is important to assist the firm and performing arts.”

“It is important that managers and employees participate in voluntary and charitable activities within their local communities.”

“It is important to provide assistance to private and public educational institutions.”

“It is important to assist voluntary those project that enhance a community’s “quality of life”.”

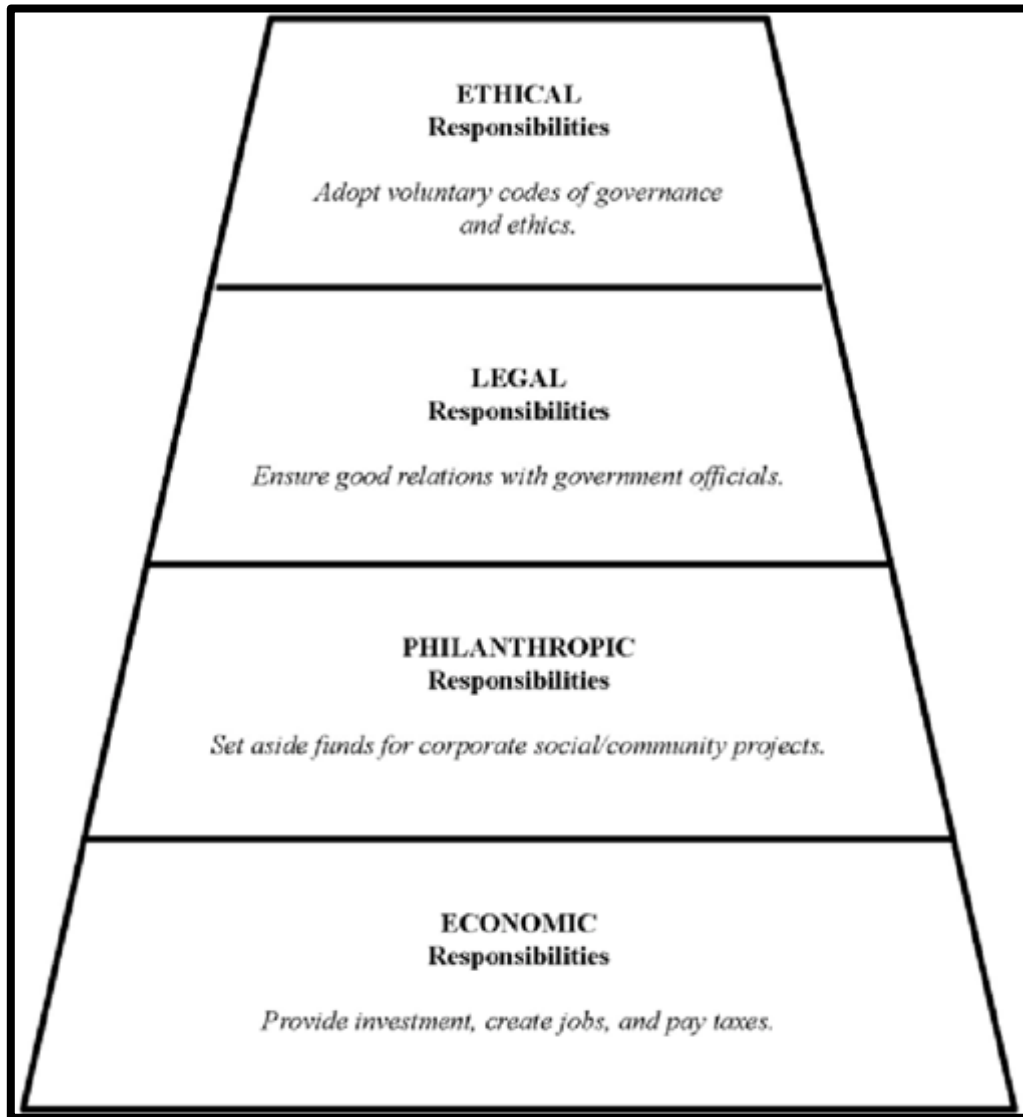
He also made clear that corporates do not fulfill these is sequence, but all of these at the same time and, moreover, that all of these have always existed, but only in recent year ethical and philanthropic dimensions have become relevant for business. He mentioned: “The CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen”.

The next important challenge in CSR, is assist management to integrate the four parts with organizational stakeholders. For a company committed with CSR, audience could – and should- be larger than what the company could imagine. At first, it is not limited to what we call shareholders, who are people that own a part of the company through a stock ownership. But they are not enough; shareholders are a part within a bigger group devoted with form, called stockholders. They are interested in the performance of the company for reasons other than just stock appreciation. Generally, consumers, employees, suppliers, community, asocial activists groups, are mentioned as the most important and influent. But all these numerous and heterogeneous spectators create a problem, in order to sort out the urge they claim. Now the question is, how can a firm manage them?

Carroll enounced two criterias: stakeholders’ *legitimacy* and their *power*. Legitimacy refers to the size to which a group has a justifiable right to make a claim; “for example a group of 300 employees about to be laid off by a plant-closing decision has a more legitimate claim on management’s attention than the local chamber of commerce, which is warried about losing the firm as one of its dues-passing members”. The power of stakeholders is different; “thousands of small, individual investors, for example, wield very little power unless they can find a way to get organized. By contrast, institutional investors and large mutual fund

groups have significant power over the management because of the sheer magnitude of their investments and the fact that they are organized”.

In conclusion, the challenge in CSR is to ensure that the firm’s primary stakeholders achieve their goals and that other stakeholders are satisfied as well, realizing a win-win solution. Anyway, even if it is not applicable in the right moment, it is important to have a long sight and gain long-term interests.



THE PYRAMID OF CSR, BY CARROLL 1991

Carroll’s Pyramid is considered a milestone into the world of CSR, and his influence to the contemporary literature is still resounding. But as introduced before, as years go by new theories begin to spread out and different shades of CSR evolved time by time through writers.

Two of them were Donaldson and Dunfee (1994, 1999) that enriched the known “political theory” focused on a responsible use of business power in the political arena. We must remember that this notion raised up from the philosophical thought of John Locke which is focused on the “social contract”. In that case, the relationship sealed from the pact is between society and business.

More authors have already written about that, but Donaldson and Dunfee^{36 37} evolved this approach, and launched the “Integrative Social Contract Theory” (ISCT) in the order to take into consideration socio-cultural context, and to incorporate empirical and normative facets of management. ISCT unfolds in two levels: the first one is a theoretical microsocial contract and sets the stage for general rules appealing to all rational contractors. The second one is a real micro social contract among members of numerous localized communities. Theoretical norms are also called “hyper-norms” because they are the result of the convergence of the main dimensions of life, such as religion, political, and philosophical thought. Results of microsocial contract are “authentic norms”, which are based on the attitude and behavior of members of norm-generating communities and, in order to be legitimate, have to accord with hyper-norms. Authentic norms legitimate contracts among industries, departments and the economic system³⁸.

Another smart theory raised at that time; it is a bit different from the previous because of its concreteness and keen pragmatic approach to reality. In an hypothetic classification of CSR’s doctrines, it is possible to consider this one into the “instrumental theories”. These are characterized in terms of CSR as a strategic tool to achieve economic objectives, and wealth creation. So, the theories we are going to talk about are focusing on how to allocate resources to achieve long-term social objectives and create a competitive advantage (something very close to Friedman’s thought and his *Agency Theory*).

Afterwards, developed a natural resources-based view of the firm with a dynamic capability, which withstands that the right way for a company to perform depends on the unique interplay of human organization, and physical resources over time. It allows to assume that these kinds of interaction shapes up “dynamic capabilities”, which are drivers behind the creation, evolution, and recombination of resources into new sources of competitive advantage³⁹.

Based on this value-creation perspective, Litz (1996)⁴⁰ identified a process composed by perception, deliberation, and responsiveness (also called capacity of adaptation) which decipher into a relationship with primary stakeholders: employees, customers, suppliers, and communities⁴¹. A more exhaustive and complete model was proposed by Hart⁴², called Natural-Resources-Based view of the firm, that mash up dynamic capabilities and external environment, assuming that the most challenging capabilities, nowadays, are posed

³⁶ Donaldson, T. and Dunfee, T. W. (1994). Toward a Unified Conception of Business Ethics: Integrative Social Contract Theory. *Academy of Management Review*, 19, 252-284.

³⁷ Donaldson, T. and Dunfee, T. W. (1999). *Ties That Bind: A Social Contract Approach to Business Ethics*. Harvard Business School Press, Boston.

³⁸ Donaldson, T. and Dunfee, T. W. (2000). Précis for Ties that Bind. *Business and Society*, 105 (winter), 436-444.

³⁹ Teece, D. J., Pisano, G. and Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18 (7), 509-553.

⁴⁰ Litz, R. A. (1996). A Resourced-Based View of the Socially Responsible Firm: Stakeholder Interdependence, Ethical Awareness, and Issue Responsiveness as Strategic Assets. *Journal of Business Ethics* 15, 1355-1363.

⁴¹ Harrison, J. S. and St. John, C. H. (1996). Managing and Partening with External Stakeholders. *Academy of Management Executives* 10 (2), 46-61.

⁴² Hart, S. L. (1995). A Natural-Resource-Based View of the Firm. *Academy of Management Review* 20 (4), 986-1012.

by the biophysical environment. His conceptual framework is articulated into three main interconnected strategic capabilities: pollution prevention, product stewardship, and sustainable development.

But until the end of the the 90s, a second and more important version of a previous document was published. It is the corporate code of conduct titled *The Global Sullivan Principles*, in honor of the African-American preacher Rev. Leon Sullivan, promoting corporate social responsibility. First version of this code of conduct was published in 1977 to apply economic pressure on South Africa, as a protest of its system of apartheid. The principles eventually gained wide adoption among the United States based corporation. But a new version of these principles was developed in 1999, by Rev. Leon Sullivan and United Nations Secretary General Kofi Annan. The latest and extended version corporate code of conduct, differs from the original's specific focus on South African apartheid; it was designed to increase the active participation or corporation in the advancement of human rights and social justice at the international level. Below it is possible to see the principles list.

The Global Sullivan Principles

The Principles:

As a company, which endorses the Global Sullivan Principles we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these principles throughout our organization. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace.

Accordingly, we will:

Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do business.

Promote equal opportunity for our employees at all levels of the company with respect to issues such as color, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse.

Respect our employees' voluntary freedom of association.

Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability to raise their social and economic opportunities.

Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.

Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.

Work with governments and communities in which we do business to improve the quality of life in those communities – their educational, cultural, economic and social well-being – and seek to provide training and opportunities for workers from disadvantaged backgrounds.

Promote the application of these principles by those with whom we do business.

*We will be transparent in our implementation of these principles and provide information which demonstrates publicly our commitment to them.*⁴³

This code of conduct traced an important footprint along the path of CSR. Since that year onwards...

1.2.7. The 21st century. The UN Global Compact and other challenges

We leave the 90s with *The Global Sullivan Principles*, but its echo is still ringing into the new Century. In fact, just in the year 2000 was developed and signed an important document from the United Nation, which was inspired by the previous we talked about. This new essay is the *United Nations Global Compact*⁴⁴, a United Nations initiatives to encourage businesses worldwide to adopt sustainable socially responsible policies, and to report on their implementation. It is a principles based framework for companies, stating ten principles in the areas of human rights, labor, environment, and anti-corruption. Firms apply voluntarily, and each of them must make a financial contribution in relation to their amount of revenues. According to the *Global Compact*, companies are in touch with labor groups and civil agencies, and UN agencies. This is the world's biggest corporate sustainability initiative, counting more than 1300 corporate participants and other stakeholders among over 170 countries, with two goals:

- Mainstream the ten principles in business activities around the world
- Catalyze actions in support of broader UN goals, such as the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs).

Here there are the 10 principles⁴⁵:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

⁴³ <http://www.thesullivanfoundation.org/gsp/endorsers/charter/default.asp>

⁴⁴ https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf

⁴⁵ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

1.3. Make a virtue out of necessity

At the same time, literature keeps growing thanks to the contribution of two famous researchers, Porter and Cramer. Their work originates from the well-known *Porter model* on competitive advantage, dated 1980⁴⁶, that identifies five forces into the market which influence the company's power to operate into the business. On that opinion, authors focused on the new competitive opportunities. In particular, they talk about social investments in a competitive context⁴⁷.

In order to catch competitive advantage in a world oversaturated of firms, investing in philanthropic activities may represent probably the only way to extend competitive advantage of the firm, especially if the traditional field is saturated.

Otherwise, philanthropic actions create greater social value than the individual donors or the government is possibilities. Moreover, the closer are the philanthropic activities to the company's mission, the greater is the wealth it creates.

An interesting alternative and quite provocative solution was proposed by Prahalad, referring to the bottom of the economic pyramid⁴⁸. Argumentation is interesting, and deserves attention:

Too long the companies have looked at the developed markets, forgetting that there is a substantial proportion of the world's population. Traditionally, most business strategies are focused on targeting products to middle and upper classes. But the most part of the world's population is in a state of poverty or belongs to lower classes. At the bottom of the economic pyramid there may be 400 million people. It is a shame to talk about population divided into classes still today. So, he proposed to seeing the poor as an opportunity to innovate rather than as a problem.

⁴⁶ Porter, M. E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press, New York.

⁴⁷ Porter, M. E. and Kramer, M. R. (2002). *The Competitive Advantage of Corporate Philanthropy*. *Harvard Business Review* 80 (12), 56-69.

⁴⁸ Prahalad, C. K. (2002). *Strategy for the Bottom of the Economic Pyramid. India as a Source of Innovation*. *Reflections, The SOL Journal* 3(4), 6-18.

A nice illustration of that approach is given by Nestlé: its approach to working with small farmers in India exemplifies the symbolic relationship between social progress and competitive advantage. Below there is an extract:

“[...] Consider the history of Nestlé’s milk business in India. In 1962 the company wanted to enter in the Indian market, in the northern district of Moga. Poverty on the region was severe; people were without electricity, transportation, telephones, or medical care.

Many kept a single buffalo cow that produced just enough milk for their own consumption [...]. Because farmer lacked refrigeration, transportation, or any way to test for quality, milk could not travel far and was frequently contaminated or diluted.

[...] Establishing value chain in Moga required Nestlé to transform the competitive context in ways that created tremendous shared value for both the company and the region.

Nestlé built refrigerators dairies as collection points for milk in each town and sent its truck out to the dairies to collect the milk. [...] With financing and technical assistance from Nestlé, farmers [...] improved irrigation, increased crop yields, producing surplus wheat and rice and raising the standard of living.

*Today, Moga has significantly higher standard of living than other regions in the vicinity”.*⁴⁹

Likewise, a telecommunication company investing a small cellular telephone system with lower costs but with less service too, adapted to the base of the economic pyramid. Disruptive innovations improve not only conditions for the bottom of the economic pyramid, but also the competitive advantage for the firm and all other industries which orbit around that kind of business, such as electric industries about telecommunications⁵⁰.

Prahalad and Hammond, together with Rangaswami (2009)⁵¹ continued to animate the debate, persisting on the way of innovation, as a key role for pursuing sustainability. In their work titled *Why Sustainability Is Now the Key Driven of Innovation*, they ended the paper with the equation “sustainability = innovation”. Along the rows, writers enhanced five steps for change:

- 1) Viewing compliance as opportunity. It allows a company to benefit “first mover” advantages in terms of fostering innovation.
- 2) Making value chain sustainable. This means to keep pace with regulation and cooperate with other players along the supply chain, and for this reason becoming proactive about environmental issues. It helps firms also to build a good image and reputation, that make recruiting costs decrease.

⁴⁹ Porter, M. E. and Kramer, M. R. (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. Harvard Business Review, 12.

⁵⁰ Prahalad, C. K. and Hammond, A. (2002). Serving the World’s Poor, Profitably. Harvard Business Review 80 (9), 48-58.

⁵¹ Nidumolu, R., Prahalad, C. K. and Rangaswami, M. R. (2009). Why Sustainability Is Now the Key Driven of Innovation. Harvard Business Review.

- 3) Designing sustainable products and services. It is because when a company produces in large quantities, also a little reduction of fabrication may save costs and reduce consumption.
- 4) Developing new business model. It could sound like “re-thinking” customers value proposition, the example of Nestlé (previous page) is significant.
- 5) Creating “next-practice” platforms. It is what the human have always done for ages and ages. “Thinking about carriage that move without horses pulling it”.

If we think critically about implementing these five steps, innovation soon will come. But let us be provocative.

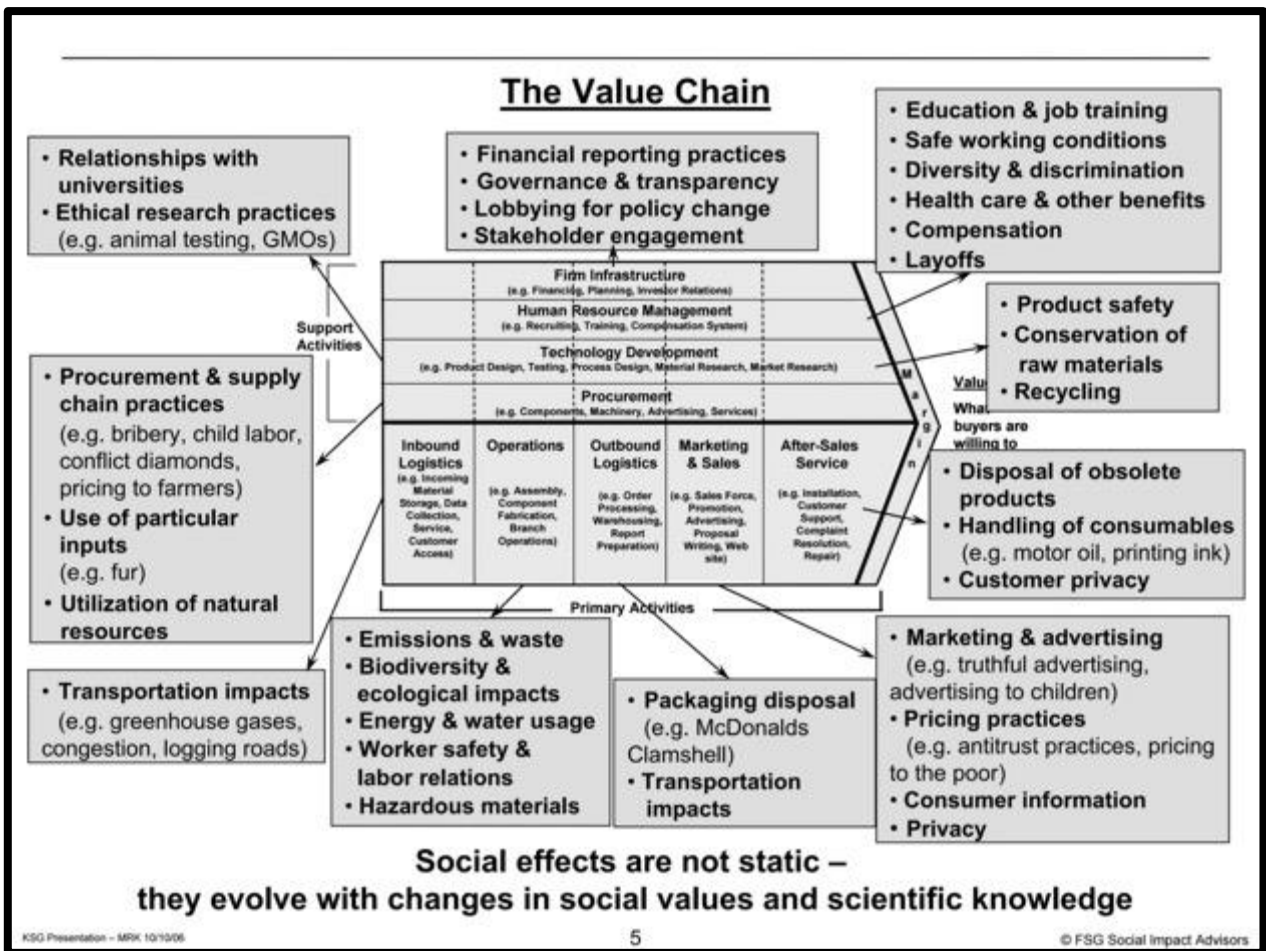
If sustainability appears to be so deserved and linked to innovation, the companies will run to implement what has just been exposed. But it is not so. Why?

To answer this question is interesting to consult Porter and Kramers’ thesis⁵². In fact, researchers argued that in the short run, CSR is considered a “zero-sum game”, or a scheme in which what is earned is offset by a loss of the same amount. Another relevant limit to implementation is thinking of CSR in generic ways instead of the most appropriate way for each firm’s strategy. They provided four justifications for CSR:

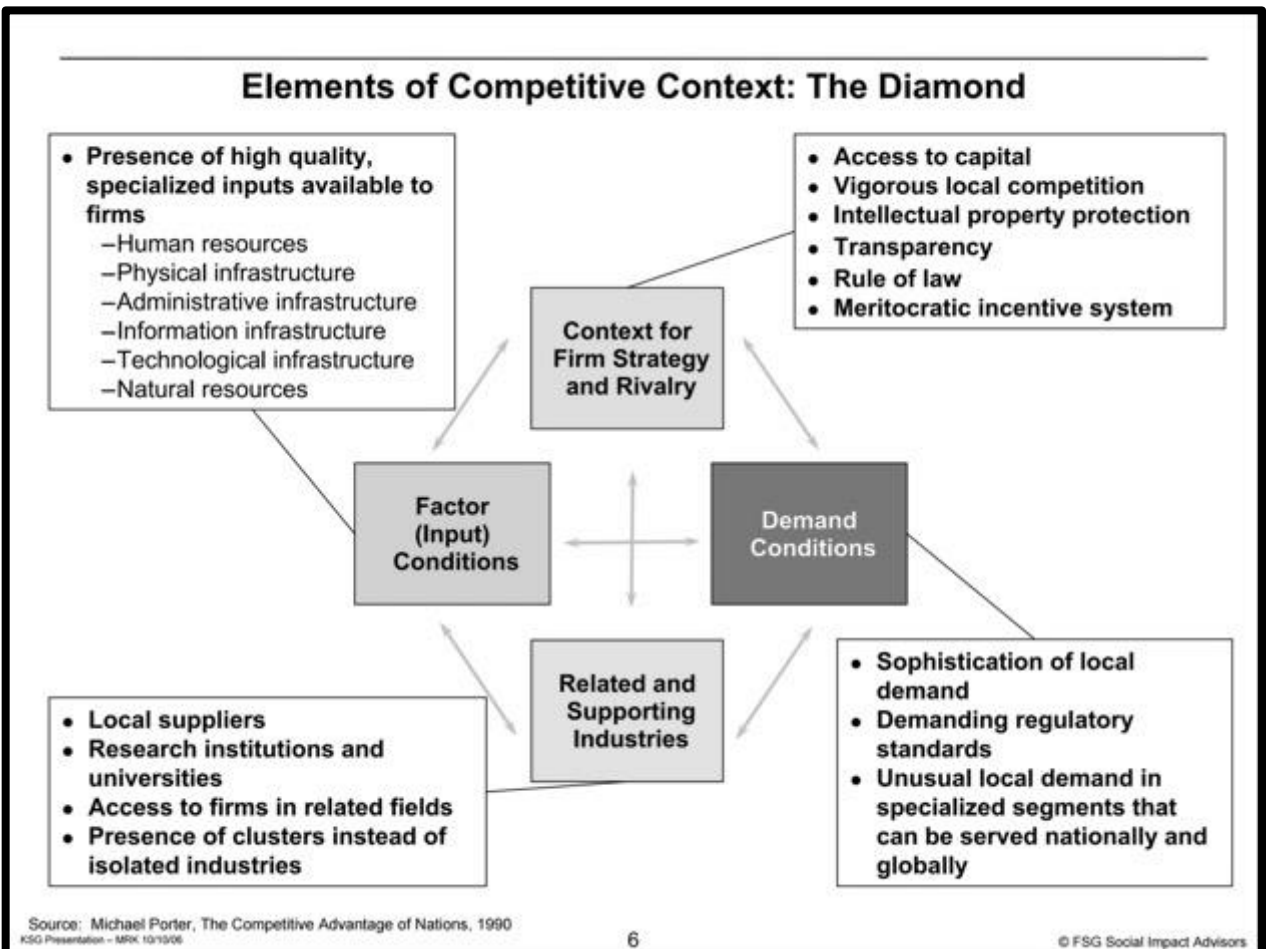
- 1) Moral obligation: companies have a duty to be good citizens.
- 2) Sustainability: to meet current needs without compromising the capacity to meet the future ones.
- 3) License to operate: tacit and explicit permission to maneuver not only from the government but also from the local communities and associations.
- 4) Reputation: to improve trust and awareness for the brand and the support for its initiatives.

Then, researchers believe deeply in the double face effects of CSR implementation: “inside-out” that concerns value chain, and “outside-in” that consists in the influence in competitiveness. Both the schemes are shown below.

⁵² Porter, M. P. and Kramer, M. R. (2006). Strategy and Society. The Link Between Competitive Advantage and Corporate Social Responsibility. Harvard Business Review.



“INSIDE-OUT” EFFECTS OF CSV, BY PORTER AND KRAMER 2006



“OUTSIDE-IN” EFFECTS OF CSV, BY PORTER AND KRAMER 2006

Furthermore, in the paper it is designed a hierarchical scale that describes the different degrees of implementation of CSR. Involvement is less when the company faces some generically social issues, that may be important for society but do not compromise the firm's operations in long-term competitiveness. The situation becomes a bit more complicated when commitment refers to value chain social impact: it effects significantly the company's ordinary activity. Critical is the situation when the social dimension of competitive context is compromised by a scarce interest in CSR; these are factors for external environment which compromise drivers of competitiveness, in short and in long-term as well.

Recent scandals remind us of the purpose of a company. Charles Handy, in his *What's a Business For?* (2002) is sure on that. Financial indicators are important for monitoring the state of health of companies, but represent a partial, incomplete point of view. A well-functioning business enjoys a great financial balance, but this balance is the result of the trust of the community that orbits around it, and that poses positive expectations on it. It is just the human aspect that can undermine a company's certainty, because trust is a delicate aspect to handle. Executives who are aware of this could be powerful, but this is a very delicate tool. They will be able to transform capitalism as we have known. How the same authors conclude: "Good business is a community with purpose, and a community is not something to be owned. A community has members, and those members have certain rights, including the right to vote or express their views on Major issues"⁵³.

Michael S. Hopkins investigated on the flaws of Executives. Interviewed is Amory Lovins, fervent scholar and writer of sustainability and business. He supports this new and different way of doing business.

In the interview written in MIT Sloan (2009)⁵⁴, it is interesting to note that the term "sustainability", as unique and unambiguous way, is being criticized. The interviewee states that it is an eclectic term that fits the facets of the business to which it is linked and has new implementations. So, it changes every time. However, we can generally say that sustainable business is a business that broadens its horizons and acquires new tools at its disposal: people and environment. This statement often collides with the reticence of firms that, on a theoretical level, agree with this philosophy, but on a practical level they strive to find concrete initiatives. Although, the interview is centered on waste remedies (which is a very important issue in the sustainability dimension) there are emerging stimulating statements that have a broader validity, such as: how important it is to study the entire workflow meticulously to identify any point where there is a space for innovation.

We do not forget that technology today is growing at exponential rates, with the consequence that what seems futuristic today is already obsolete tomorrow. The key to success is the ability to read opportunities that no one else is yet able to see. Expanding spatial and temporal horizons. Because sustainability is

⁵³ Handy, C. (2002). *What's a Business For?*. Harvard Business Review, 5.

⁵⁴ Hopkins, M. S. (2009). *What Executives Don't Get About Sustainability (and Further Notes on the Profit Motive)*. MIT Sloan Management Review 50 (1).

something that exceeds the mathematical account. In fact, it is not enough to make the algebraic sum of revenues and costs.

We also need to understand the added value that a better working environment can bring about in terms of employee productivity and lower absenteeism. Lovins concluded with an enlightening reflection: "The big business opportunity [...] is the hidden connection between your business and the opportunities that you think are well outside your boundaries that create extraordinary opportunities or risk, depending on how you handle them."

About new prospects, Business is shifting more and more towards new horizons, as explained also by Carol L. Cone, Mark A. Feldman and Alison T. DaSilva in their *Causes and Effects* (2003)⁵⁵ companies are interested (in terms of brand and resources utilization) into social causes: from helping research for the cancer to fighting child hunger, or to find a cure for deadly illnesses. Some figures could be impressive: only in 2001, US companies donated \$9 billion for societal reasons.

Anyway, the main challenge is to comply business goals too. In the arguments, the authors exhibit some interesting and useful maneuvers on how to get the best out of these strategies: first, it is fundamental to figure out a *causa* aligned with corporate goals, because it will involve stakeholders more. Then, they suggest to pick partners who are related to the cause, that will allow a company and an organization to proceed side by side and support each other. To realize that, it is necessary to put all the company's assets on work, especially employees: "a serious commitment to a cause can sometimes warrant a significant financial investment". Finally, it is important to communicate through every possible channel.

Even though, about this topic Fabrizio Baldassarre and Raffaele Campo (2016)⁵⁶ highlighted on how much the brand's perception could be affected by the level of claiming its own sustainability. They realized a 2x2 matrix, combining two dimensions: "being sustainable" and "appearing sustainable".

The result is a four-part graphic. Thanks to an original "metaphor of transparency" ("the behavior of light as an analogy for communication of sustainable operational activities to stakeholders) they worked out that the best solution is the one where the company "is sustainable" and "appears sustainable" as well. But there are other important outcomes. Most of the sustainable companies do not communicate it as "green-muting", that means "they simply do not think that it would be appropriate to boast about their good work" and, on the other hand, because many others are afraid of being accused of "greenwashing". These are "translucent companies". Opaque companies are quite in a dangerous position, because they emphasize sustainable activities through communication channels, but their business is not so "sustainable". So, be careful. In the end, "sustainability could represent a marketing tool for companies, but at one condition: they must believe in its realization". The scheme is below:

⁵⁵ Cone, C. L., Feldman, M. A. and DaSilva, A.T. (2003). *Causes and Effects*. Harvard Business Review.

⁵⁶ Baldassarre, F. and Campo, R. (2016). *Sustainability as a Marketing Tool: To be or Appear To be?*. Kelly School of Business, Indiana University.

		Translucent companies	Transparent companies
Being sustainable	High commitment	<p>Sustainability is <i>de facto</i> realized, but is not exploited as a marketing opportunity. Sensitivity toward sustainable issues is demonstrated by definite actions, but the company is not completely aware of the strategic importance of communication. There is a gap between the sustainable performance and the perception of customers.</p> <p><i>“We should communicate better what we are. We are doing the hard work—why not celebrate it?”</i></p>	<p>Sustainability is an important topic of the overall corporate strategy. Consequently, the marketing and communication approach to sustainable initiatives is consistent with what the company actually does. ‘Sustainable value’ is made up of definite activities, well-communicated to stakeholders, and the reputation of the company is supported by facts and figures. Sustainability is a competitive advantage.</p> <p><i>“We communicate what we are”</i></p>
	Low commitment	<p style="text-align: center;">Dark companies</p> <p>Companies are not at all aware of the relevance of sustainability as a strategic topic. There is no company website on sustainability and no possibility for stakeholders to know anything about the organization’s mission, values, etc. Sustainability is not a concern.</p> <p><i>“What are you talking about?”</i></p>	<p style="text-align: center;">Opaque companies</p> <p>Sustainability is used as opportunistic leverage. Management overpromises and underdelivers on sustainability, and this could put the company’s reputation at risk. ‘To appear’ is more important than ‘to be’: the marketing and communication strategy regarding sustainable initiatives is emphasized, but is inconsistent with what the company actually does.</p> <p><i>“We are (we pretend to be) what we communicate”</i></p>
		Low-profile communication	High-profile communication
Appearing sustainable			

Returning effects that sustainable business policies could generate, Gerald F. Davis and Christopher J. White (2015)⁵⁷ tried to map how a new approach to business can generate advantages and towards whom. Previously, we have already spoken about sustainability as a main driver for innovation; now we are going in-depth, to find out what sort of innovation can emerge and who it can help.

Of course, the innovation in products and services is an ever-green field of investigation. Examples proliferate: from and fair trade e-commerce site (social innovation in products and services) to revolutionizing workplaces (social innovation for people), from a new ethical decision-making framework which considers the needs of local communities (social innovation for processes) to reducing pollutant emissions (social innovation in the public interest).

Following from these analytical points, Henry Mintzberg, Robert Somins and Kanul Basu (2002)⁵⁸ pointed out five topics for overwhelmed “selfishness” of business and embrace other profitable goals:

- Overcoming the concept of “economic man” and replace it with the assumption that it is a “social animal”. As such, it feels pleasing to what is happening to the “neighborhood”.

⁵⁷ Davis, G. F. and White, Christopher (2015). How Your Company Can Change the World. IESE Insight.

⁵⁸ Mintzberg, H., Simons, R. and Basu, K. (2002). Beyond Selfishness. MIT Sloan Management Review, 44 (1).

- The short-sight asphyxiating pressure of shareholders (who only benefit in a short-run profit) makes it difficult to create value and profit over the medium and long- term, and it concretizes a “self-suffocation” phenomenon.
- Companies do not need “heroic executives”, but “engaging leaders”; heroic managers are boss, not leaders. They believe in hierarchical organizations and use the role to weigh out the importance of everyone, because they do not trust other people and do not like interactions and networking. Engaging executives are leaders, that look after all facets of the company to make the firm a better place for working, for society and for the environment, as well as, a making money machine.
- “Pushing people and machines to their limits rather than discovering smarter ways to run economics”⁵⁹ is a common mantra, but it is the worst solution to gain loyalty and engagement. Moreover, it increases employee turn-over and makes the company less attractive.
- “A rising tide of prosperity lifts all boats.” It is wrong. The recent economic crisis demonstrated that “A tidal wave lifts those boats that are moved to nothing”.

We can conclude that real prosperity combines economic development with social generosity.

A recent article from Darden Business Publishing⁶⁰ exposes the nice initiative started in 2006. It is titled B Lab, and companies that applied become B Corporations⁶¹. A Certified B Corporation or B Corp is a new type of company that voluntarily meets the highest standards of “purpose”, “responsibility” and “transparency”. The B Corps stand out on the market from all the other realities. They go beyond the goal of profit and innovate to maximize their positive impact on employees, communities, and the environment. In this way, business becomes a regenerating force for society and for the planet. Those firms were given “third-party-certifications” by B Lab demonstrating they were seriously engaged about sustainable strategy. On the year of its foundation, the companies were 81. In 2010, the firms grew up to 285, they existed in 27 countries and 54 industries. Today, there are 2133 B Corporation all over the world, in 50 countries and 130 industries. In their “Declaration of Interdependence” it is stated:

“We envision a new sector of the economy which harnesses the power of private enterprise to create public benefit”

-B Lab, “Declaration of Interdependence”, 2010

Even there, references to a “multiple bottom line” proliferated. Wayne Norman and Chris MacDonald (2004)⁶² explain the “Triple Bottom Line” thesis. It means that companies should be measured “beyond

⁵⁹ International Herald Tribune. Feb 15, 2000.

⁶⁰ Meier, M and Larson, A. (2010). B Corporation: A Sustainable Business Model. Darden Business Publishing. University of Virginia.

⁶¹ <https://www.bcorporation.net>

⁶² Norman, W. and MacDonald, C. (2004). Getting the Bottom of “Triple Bottom line”. Business Ethics Quarterly.

financial performance”, also in social and environmental outcomes. But obstacles to its implementations are a lot: “all that cannot be measured, cannot be managed”. Anyway, it is easy to solve because social performance indicators are copious.

Probably the biggest obstacle is that a large percentage of people think 3BL is like CSR. They are not mere synonymous: 3BL is a movement that emphasis on measurement and reporting, as introduced before. And this is not enough; it is part of a larger movement identified sometimes by the acronym SEAAR (Social and Ethical Accounting, Auditing and Reporting). This association has grown over the past years, about a decade, and has produced “a variety of competing standards and standard- setting bodies” including:

- Global Reporting Initiatives (GRI)
- Social Accounting International (SA 8000)
- Accounting Ability (AA 1000)
- Many standard by International organization for Standardization (ISO)

1.3.1. Creating shared value

At the end of this argumentation on CSR, it remains to be introduced what is presented as its successor; creating shared value (CSV) is a business concept introduced for the first-time by Michael P. Porter and Mark R. Kramer (2006)⁶³. The authors were convinced that CSR was not still capable enough to express the strength of interdependence between company and society. So, the coined CSV. This topic sets the ambitious goals to revolutionizing capitalism as we have ever known it, and open a new vision of entrepreneurship.

The essence of CSV⁶⁴ is to overcome the obscure issues of trade-off and externalities, two indispensable conditions in the business realities of all time.

Shared value is not about “sharing” a value that has been already created, like a mere “distribution”; instead it is about expanding the total pool of economic and social value.

A broader band of multinational companies like Google, IBM, Intel, Johnson & Johnson, Nestlé, Unilever and Wal-Mart, have begun to boarded on CSV initiatives (emblematic is the illustration of Nestlé in Moga, India). Now we are going to highlight CSV. It is articulated into three key points; these represent different ways for companies to create shared value opportunities:

- By reconceiving products and services

First of the list is very close to “getting bottom line” of the economical pyramid: it consists to enhance disadvantaged communities and developing countries. For example, “low-price cell phones that provide mobile banking services are helping the poor save money and transforming the ability of small farmers to produce and market their crops”. In Kenia, Vodafone’s M-PESA make e-banking service and “signed up 10 million customers in 3 years”. Meeting needs in underserved market requires redesigning products

⁶³ Porter, M. P. and Kramer, M. R. (2006). Strategy and Society. The Link Between Competitive Advantage and Corporate Social Responsibility. Harvard Business Review.

⁶⁴ Porter, M. E. and Kramer, M. R. (2011). Creating Shared Value. Harvard Business Review.

or rethinking distribution methods; microfinance⁶⁵ is another case of serving unmet financial needs in developing countries.

- By redefining productivity in the value chain

The value chain of a company inevitably affects and is affected by lots of societal issues: “natural resources, water use, health and safety, working conditions and equal treatment in the workplace”. All these causes mark the value chain in different parts of it. The main are:

Energy and Logistic. Logistical structures should be redesigned to reduce shipping distance, energy consumption and time.

Resource use. Utilization of water, raw material, and recyclable packaging as well as expanding reuse are important smart business opportunities.

Procurement. Increasing access to inputs, sharing technology, and providing financing could help to rise quality, costs decreasing or improving value for money. And it could also encourage the emancipation of local entrepreneurs.

Distribution. “As iTunes, Kindle and Google Scholar demonstrate, there are new profitable ways of distribution” that can also reduce consumption of paper, plastic usage and so on.

Employee productivity. Because of the welfare state lacking in funds, companies may satisfy that providing plans of health care, wellness and training opportunities. The benefits are evident: on the one hand the reduction of costs associated with absenteeism for diseases, on the other hand they increase employee loyalty.

Location. Many companies are moving some of their activities (principally they are moving the excellent centers – like R&D or design - for the need of monitoring processes and quality) close to home. Benefits arises in terms of costs reduction, in terms of associative meanings between brand and labor origin and enhancement of know-how.

- By enabling local cluster development

Companies do not operate in isolation from their surroundings. Conversely, they need reliable local suppliers, and functioning infrastructures of roads and communications, access to talent, and an effective and predictable legal framework.

Below, there is a summary on the main differences between CSR and CSV.

⁶⁵ Yunus, M. (2003). Banker to the Poor. Public Affairs Books. ISBN 1586481983.



HOW CSR DIFFERS FROM CSV

Critiques on the CSV concept raised since its original application. It could be considered a sort of transposition to the original “diamond model”⁶⁶ conceptualized by Porter (which we have seen before). Despite the four dimensions, as in diamond’s the CSV main pillars are only three. For some researchers, because there is not a perfect matching, it may represent a “conceptual hole”.

Researchers Moon, Parc, Yim and Park (2011) added the missing fourth pillar to complete the CSV conceptual framework. Now we could re-consider this theory like follows⁶⁷:

- 1- *Defining core competences*
- 2- *Redefining productivity in the value chain*
- 3- *Reconceiving comprehensive targets*
- 4- *Enabling local or global cluster development*

But that was not enough. the revolutionary scope of CSV has generated a few controversies. *Contesting the Value of Creating Shared Value* (2014)⁶⁸ is a critique on Porter and Kramer’s article. Authors list a series of shortcomings, such as: “unoriginality of the thesis”, “ignoring the tension between social and economic goals”, “it is naïve about the challenges of business compliance and last”, “it is based on a shallow conception of the role of corporation in society”.

⁶⁶ Porte, M. and Kramer, M. (2002). The Competitive Advantage of Corporate Philanthropy. Harvard Business Review, 80(12).

⁶⁷ Moon, H. C., Parc, J., Yim, S. H., Park, N. (2011). An Extension of Porter and Kramer’s Creating Shared Value (CSV): Reorienting Strategies and Seeking International Cooperation. Journal of International and Area Studies, 18 (2).

⁶⁸ Crane, A., Palazzo, G., Spence, L. J. and Mattern, D. (2014). Contesting the Value of Creating Shared Value. University of California 56 (2).

The last part, conclusion, points out a pool of important reflection about eventual approaches to CSV and its evolution. We were surprised that it is a characteristic of the social innovation literature to assume that there are firms, or activities within the firms, which deliberately follow social, environmental, or ethical objectives –either exclusively or alongside economic ones.

Another interesting and smart point of view, is the Integrative Social Contract Theory (ISCT) that is less business-focused and more society-focused. This approach starts with conceptualizing a shifted social reality: corporations are actively entering social space that hitherto were the prerogative of (democratic) governments. So, the attention shifts from the role of Governments to the role and process of Governance in societies, of which corporations are one part.

As we have already seen, CSV is a dynamic concept, which is still growing from now on. If the CSV is the evolution of corporate social responsibility, we think CSV (and the CSV before it) represented not only a managerial approach, but also a universal view of the future. So, the best way to conclude this excursus through thoughts and ages is to renew the original aim of the research.

1.3.2. An interdisciplinary approach

Many years passed since the publication of Pope Leo XIII, *Rerum Novarum*. Anyway, yet it does not seem to have changed a lot.

So, in 2015, Pope Francis returned to the subject with his Encyclical *Laudato Si'*, on “Care for Our Common Home”. It is a “worldwide wake up call” to help humanity understand the destruction that man is executing to the environment and its habitants. During the text (196 pages, 246 paragraphs and 2 conclusive prayers) a universal demand emerges: “*Protect The creation to defend Humanity*”.

Laudato Si means “Praise be to you” that is the beginning of a canticle by St. Francis that acclaims God for all of his creation.

The aim of the discussion is: “I urgently appeal, then, for a new dialogue about how we are shaping the future of our planet. We need a conversation that includes everyone, dealing with the environment challenges that we are undergoing, and its human roots, concerns and affects us all”.

It is at the heart of the document; anyway, Pope Francis has a very unusual call to conversion for those in the Church as well: “The ecological crisis is also a summons to profound interior conversion. It must be said that some committed and prayerful Christians, with the excuse of realism and pragmatism, tend to ridicule expressions of concern for the environment. Others are passive; they choose not to change their habits and thus become inconsistent. So, what they all need is an ‘ecological conversion’, whereby the effects of their encounter with Jesus Christ becomes evident in their relationship with the world around them. Living our vocation to be protectors of God’s handiwork is essential to a life of virtue; it is not an optional or a secondary aspect of our Christian experience”.

Particularly close to our managerial examples is focused in the chapter four “Integral ecology”: “Since everything is closely interrelated, and today’s problems call for a vision capable of taking into account every aspect of the global crisis, I suggest that we now consider some elements of an integral ecology, one which

clearly respects its human and social dimensions.” And then: “Economic growth, for its part, tends to produce predictable reactions and a certain standardization with the aim of simplifying procedures and reducing costs. This suggests the need for an “economic ecology” capable of appealing to a broader vision of reality. The protection of the environment is in fact “an integral part of the development process and cannot be considered in isolation from it. We urgently need a humanism capable of bringing together the different fields of knowledge, including economics, in the service of a more integral and integrating vision. Today, the analysis of environmental problems cannot be separated from the analysis of human, family, work-related and urban contexts, nor from how individuals relate to themselves, which leads in turn to how they relate to others and to the environment. There is an interrelation between ecosystems and between the various spheres of social interaction, demonstrating yet again that the whole is greater than the part”.

Another important aspect of this work is the focus on the dignity of workers and employees: “The need to protect employment”. “Any approach to an integral ecology, which by definition does not exclude human beings, needs to take account of the value of labour, as Saint John Paul II wisely noted in his Encyclical *Laborem Exercens*. According to the biblical account of creation, God placed man and woman in the garden he had created (cf. Gen 2:15) not only to preserve it (“keep”) but also to make it fruitful (“till”). Labourers and craftsmen thus “maintain the fabric of the world” (Sir 38:34). Developing the created world in a prudent way is the best way of caring for it, as this means that we ourselves become the instrument used by God to bring out the potential, which he himself inscribed in things: “The Lord created medicines out of the earth, and a sensible man will not despise them”⁶⁹.

Among the most interesting passages on the “integral ecology” and “the call for dignity of work”, the Pope also said that renouncing to invest on people for greater immediate profit is a bad deal for society. There is finally a reference to ecosystems and biodiversity. “It is therefore necessary to have a responsible and comprehensive scientific and social debate able to consider all the information available, focusing on autonomous and interdisciplinary research lines”⁷⁰.

1.4. The gap that justifies the research

After this *excursus* on the literature, we figure out a main issue that triggered my curiosity and gave birth to my research.

Cases involving the literature on the implementation of CSR and CSV are proliferating in colossal and striking examples, almost always implanted in very disadvantaged situations by the hands of large multinationals. From the mere donations (as the case of B Lab) to a full support in the entire microeconomic ecosystem (like the example in Moga, India), education is underestimated. Not only in the world of academic research, but also in the dexterity reality, education can make the difference between an high quality

⁶⁹ http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html (part 1).

⁷⁰ http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html (part 2).

object and a mediocre one. Moreover, investing in education means to bet on the young, on the next generation, on the future.

The aim of this experimental research is to investigate about the education initiatives dealing with handicrafts (like tailors and chefs) for developing "in house" talent, reducing unemployment, helping territorial enhancing and recalling local and national heritage. Doing so, they help and improve each other, realizing an authentic implementation of CSR (and CSV more and more); this is the "win-win" strategy. And, in conclusion, they generate a genuine public resonance that can produce effects assimilated to a marketing action.

In this research, we will show two cases of the enlightened entrepreneurship. In these circumstances CSR, has really shaped up, evolving into CSV. We will investigate beyond education, a good externality that society produced through schools, universities and so on. Starting from this, we will discover the fascinating world of Arts and Crafts Academies and Cooking Academies. These are two realities that identify the Italian cultural heritage; they have a significant impact on the territory where they come from, on the communities in which they rise, and on the human capital they turn. These cases are significant because they are not multinational companies and because they started initiative in their own territory. Of these examples, academic literature is still very poor. We will expose the cases of *Brunello Cucinelli's School of Arts and Crafts* and *Niko Romito Formazione*.

At the end of our debauchery, it seems we have moved away from the goal. Then we look at the steps to better understand why: marketing, corporate social responsibility, creating shared value, apparently seem to be three distinct planets. Everyone travels along their orbit. But when these three planets line up for a more unique, rare, astral conjuncture (cases cling to the fingers of a hand) these can generate something that is pleasantly useful for themselves and for others. Marketing is an action to promote an object in order to promote its marketing, or a satisfactory economic return. Today, the tools available to market share (both consumer and processor) are so many, thus they are no longer able to make the difference. We have come to the point where man no longer believes in promises, but only did he do it? we do not know. But what literature has highlighted is that a more responsible business can produce high profits and at the same time does not ruin the future ability to generate other gains. This perspective is not a marketing campaign, but it can easily become one: it is enough to bring to the attention of the public the initiatives taken by the company for the good of the community and the sludge of its future. In our thesis, we will look at two cases of success. We will show you how to preserve your cultural heritage and use this approach as a marketing strategy. enjoy the reading.

2. The School of Arts and Crafts, in Solomeo

By Brunello Cucinelli SpA

*“Act in such a way that you treat humanity,
whether in your own person or in the person of any other,
never merely as a means to an end,
but always at the same time as an end”.*

(I. Kant)

2.1. Life and business philosophy

Brunello Cucinelli was born in Castel Rigone, in the province of Perugia, in a family of farmers. In the countryside he spent his childhood until adolescence. He opted for technical studies at high school years, and subsequently enrolled in the engineering faculty but does not complete the studies.

In 1978, he runs a small business activity after spending a dozen years in "*da Gigino*", the village bar, a place for meetings, talk and laughter, as well as reflections. And here what matured was his innovative entrepreneurial idea around cashmere: the colorful cashmere. He is used to saying that when he said this idea to the father, he got the answer: "*Non so cosa sia il cachemire, ma che la Madonna ti accompagni!*"⁷¹. With this good wish, everything started. But there is something that marked Brunello Cucinelli for the rest of his life.

In fact, since his adolescence, all the Cucinelli family moved from the countryside to the city, because his father started to work at a factory. Sadly, every night his father came back home, he was mortified by the humiliations he received at the workplace. So, Brunello Cucinelli was witness to his father's suffering, and this will be the inspiration from which he will run a new business philosophy: to restore dignity to the worker.

The concept of enterprise that he has in mind is forged on the thought of the great men of the past: philosophers, literates, emperors, saints, and commanders... all of whom he heard talking with friends during the years spent at the bar. This experience will be essential for his future success, because it will serve to elevate business goals and to enhance the figure of man as human being.

Brunello Cucinelli not only sees the company as a wealth producer, but as a drive for realizing the ambitious dream of a capitalism that can enhance *humanity*.

His belief is "to make a perfect product that does not hurt or offend anyone", and that "part of the company's profits are used to improve the lives of all employees", crosses the creation of structures such as: schools,

⁷¹ This funny exclamation may be translated as: "*I do not know what cashmere is, but the Madonna will accompany you!*"

religious buildings, cultural circles, restoring artistic and architectural heritage. The goal of his business is therefore the *common good*, and all those who work there are considered part of the whole body company. Ultimately, the business philosophy he dreams is reflected in the *13 essential points* that José Luis Montero de Burgos lists in his "*The New Entrepreneurship Frontier*"⁷² (1997). These points are:

1. Maintain and improve health
2. Increase material goods
3. Increase the cultural level
4. Achieve a higher level of security, and consequently reaching a greater social peace
5. Achieve higher levels of personal freedom
6. Guarantee that individual relationships are governed by justice
7. Have sufficient self-realization opportunities
8. Increase your personal and collective prestige
9. Have decision-making skills in order to achieve own aspirations
10. Take those responsibilities to which each one feels called
11. Develop friendly relationships inside and outside the organization
12. Help to preserve and improve the environment and nature
13. Developing Religious or Transcendental parts

His philosophy in business counts on the concept of "beauty". A beauty that is not mere "appearance". As Antoine de Saint-Exupéry tells in his book "*The Little Prince*":

*" [...] it is on account of the grown-ups and their ways. When you tell them that you have made a new friend, they never ask you any questions about essential matters. They never say to you, "What does his voice sound like? What games does he love best? Does he collect butterflies?" Instead, they demand: "How old is he? How many brothers has he got? How much does he weigh? How much money does his father make?" Only from these figures do they think they have learned anything about him. "*⁷³

This is the concept of the beauty of the soul. Beauty is not an inventiveness, an external attribute, floating on the surface. But it is the "form of the inner quality of people and things". So, it consists in the *soul*. Everything that has a soul is alive, and everything that is alive is positive. The concept of beauty is often tied to a simple one. *The Little Prince* embodies the concept of simplicity, because the thoughts of a child represent the values of purity and loyalty. But his reflections are as simple and genuine as extraordinary profound and so attractive.

⁷² The original title is from a seminary "*Nueva Frontera Empresarial. Introducción a la Economía del Nuevo Humanismo*". Faculty of economics and business of *Universidad Nacional de Educación a Distancia* (UNED), Madrid.

⁷³ http://yoanaj.co.il/uploadimages/The_Little_Prince.pdf

Given that preamble, what is the main skill of Brunello Cucinelli? Bringing out the beauty in people and things. Hence, the idea of creating a *school of arts and crafts* where to teach the beauty of craftsmanship. On the example; Lorenzo De 'Medici that defined Renaissance masterclasses as "minor brothers of artists".

Artists and artisans are similar figures. Indeed, in ancient Greek, the two terms were identified in one word: "*technè*", which had both meanings. The intimate connection between these two figures remained unchanged until the end of the Renaissance period. In fact, with the age of Enlightenment, in the XVIII century, and the exaltation of *Intellect*, art was distinguished by craftsmanship and the two terms assumed a different meaning.

With his art and craft school, entrusted to craftsmen, Brunello Cucinelli wants to give nobility and prestige to craftsmanship and make it known to young people to appreciate it, to learn it, and to pass it over in time; hoping that talent and passion are the engines that move all things.

2.2. From the restoration of buildings to the recall of crafts

Brunello Cucinelli, from the moment he met his future wife Federica for the first time, in fell in love with her village of origin: Solomeo. A small medieval village, located on a hill in the Umbrian countryside near Perugia. The intention to restore the place to the original splendor is the result of deep dedication to the ideals of Humanism. The process will be long, challenging and expensive, but the result is extraordinarily fascinating. And it is here that Brunello Cucinelli wants (for a matter of parallelism) to plant his school. Just like the buildings of the past will find a new life through restructuring, the trades of the past will recover the original dignity too, which time had dimmed.

Thus, in 2013 some of the buildings chosen as venues start the vocational training courses of the Arts and Crafts School. The courses are divided into 4 thematic areas⁷⁴:

1. *Cutting and Tailoring*
2. *Sewing and Mending*
3. *Horticulture and gardening*
4. *Wall art*

The first two are related to Brunello Cucinelli's business activities, the others are functional for the restoration and enrichment of the village of Solomeo.

It is imperative to make a historical sign. The *Movement of Arts and Crafts*, born in the late 1800s, concerning the reform of the *Applied Arts*, included John Ruskin and William Morris among the main characters. They -both polyhedral artists- had remarkable influences in architecture and restoration, with a clear position in favor of the purest and most uncontaminated preservation of antiquity.

In a coherent manner, Brunello Cucinelli also has built new masterpiece, like theater, amphitheater, library and "garden of philosophers". All of them are in harmony with the original face of the village. It is the circle that closes.

⁷⁴ The original names are: *Taglio e confezione, Rimaglio e rammendo, Orticoltura e giardinaggio, Arti murarie.*

A land-based paradise for workers. In fact, Brunello Cucinelli says: “I do not use terms like *human resources* or *human capital*, because a human is first of all a *person*. If I trust you, you will be more responsible and creative”.

But Crafts are just a part of what young apprentices are going to learn at Solomeo School: other subjects are included such as: history, philosophy, art, literature, spirituality, communication. And then, “To give back to mankind its own dignity, has always been my dream”.

He took inspiration from the ancient academies in Greece, but all things related to that period come back like a great echo in the 1400s with Humanism.

2.2.1. Humanism

Humanism is a new philosophical-artistic-literary current that arise in the 1400s. It places “mankind” at the center. The *human* is spirit and matter; soul and body. It is the element that links Earth and God, because every action, every single action, is governed by the *spirituality* that resides in the soul of everyone. That spirituality makes *Man closest to God*. Hence, proximity with God elicits: *sensitivity, beauty, emotions...* and these new elements renew and shake humanity like a wind for the trees. Man is finally free to express himself in every form of art and it is comfortable to make one’s own life an artwork. He not anymore has to choose between asceticism and materialism, between living conditioned and harnessed by the fatality of events. It is the creator of an own destiny.

In Italy, from now on, the population becomes aware to have illustrious ancestors like Greeks and Romans, and it gathers those civilizations (their habits and values) like model for the future. And this “sense of belonging” generates the desire to rediscover ancient knowledge with new awareness. All that has been supposed to be handed down: literary works, treaties, philosophies of thought, works of art and engineering became the subject of study and reinterpretation in a society that had started a process of major change. There is, therefore, a resumption of *Platonic philosophy*⁷⁵ and an adaptation of it to the principles of Christian religion.

The result of this encounter expresses itself in the art field through the harmony of proportions, and for literature in choosing a more complex language and a more refined style. In the main political and cultural centers of Italy, where enthusiastic followers refocused on Roman and Greek masterpieces, through public and private debates the modern academies blossomed (*Pomponiana* in Rome, *Alfonsina* in Naples and so on ...). All of these were oriented towards the studies of Philosophy, Philology and Archeology. It is about institutions with their own regulations and statutes, on the wake of the famous *Plato School*, founded in Athens in 387 BC. “*Academy*” is related to “*Athens*” that comes from the name of the hero *Academo* (You think that *Academo* owned a piece of land which he donated to the city, which took his name) There was a shrine dedicated to the goddess *Minerva* along with this there was a vast and lush park where *Plato* gave his

⁷⁵ Platonic philosophy is famous for “*Theory of Forms*” according to which ideas, that reside in Hyperuranion, represent a more accurate reality than the one we spend on Earth.

philosophy lessons. And it is precisely this example that the Florentine humanists in 1400s founded a new academy (or Neo-Platonic Academy) inspired by the *Renaissance Platonism* of *Pico della Mirandola*.

But why does the academy flourish in this period? Because they were an alternative to the existing University.

Universities offered higher education courses always related to philosophy, philology, rhetoric, but also mathematics and science. The courses were handled by highly experienced masters in the various subjects, but lessons were focused only on theory, encouraging refined discussions.

The academies, on the other hand, took care alternative topics, not only in the same disciplines but also looking after the practical aspect (experimentation) indeed the theoretical one. Can you think that, they derive from the arts and crafts *corporations*, diffused into the major cities of Italy since the XII sec. At the beginning, it was a combination of merchants and artisans who joined in, giving clear rules to protect their activities, otherwise to protect themselves from the abuses of the nobles and to have a weight in the political life of the city. But slowly, the enrolled handworkers increased, and if earlier they subscribed without distinction from one congregation to another, afterwards they divided themselves by distinguishing the various trades in "*major arts*" and "*minor arts*".

To the first category belonged Judges, Notaries, Currency changers, *Lanaioli*⁷⁶, Tanners, *Setaioli*⁷⁷, Doctors and Specialists.

To the second: Shoemakers, Stone workers, Blacksmiths, Carpenters, Swords and so on ...

The major arts were called so because they included the most educated citizens of the city (the professionals) and those craftsmen whose products were so perfect to be required abroad. Over time, applying to corporations became mandatory, and in order to do so it was necessary to observe principles such as to obey the statute of the corporation. It offered first of all the safeguards: defined working hours, rest days, established selling prices for products. Then, an internal administrative organization for corporations took place. At the head of each corporation there were four consuls who had the task to guarantee respect of the statute from the members; so, each of them was enrolled in a register with a personal serial number. Over time, however, corporations lost its political role, but strengthened the economic one, which was to defend the monopolies of the exercise of their profession and to care about the quality of the artifacts. Indeed, internal regulations imposed strict control over the use of raw materials, work tools, and processing techniques (nowadays, we may call it "fighting for fake") for keeping quality standards high. In addition, the activities within each corporation were regulated by a hierarchical order: there were masters, apprentices, and simple workers. Particular attention was paid to the formation of freshmen. They needed to attend an apprenticeship period. Most of the time, the apprentice was only a bit more than a child when he entered into the master's shop. There, the master was going to commit the boy all the time in everyday work, to teaching him all the secrets of the craft. Famous remains in Florence the corporation of *wool workers*, which was cataloged among the major arts.

⁷⁶ Wool workers

⁷⁷ Silk workers

In conclusion, academies were born as “voluntary” associations, with their own hierarchical organization, that considers workers who joined as members. It has its own status and legal framework. It deals with the protection and transmission of arts or crafts and the formation of young students. So they have a dual function: of *school* and of *professional association*.

Today, there are many types of academy, from military to music ones, from those of dancing to this of retrieving ancient crafts such as the *School of Arts and Crafts* (founded by Brunello Cucinelli) about fashion, in Solomeo (Perugia).

The first cuisine academy was founded in Milan in 1953 by Orio Vergani. It was the first Italian association to defend and promote Italian gastronomic culture and its regional traditions, as well as to promote it through studies and dissemination, including: a study center, tastings, editorial activities, and so on ...

The other academy I will focus on is about cuisine, founded by the chef Niko Romito in Casadonna/Castel di Sangro (L'Aquila), which is the first school started from a *three star Michelin* chef.

2.3. Visit to Solomeo

My studies on the figure of this enlightened entrepreneur have naturally generated the curiosity of knowing him in person. And if this was not possible, I would like to have permission to visit Solomeo and to meet the students of the School of Arts and Crafts, on which my thesis is based. But how can I do it?

As a first, I contacted –thanks to my University- the communication manager of *Brunello Cucinelli Spa*, Laura Castignani, and I explain to her the reasons for my research. She tried to help me as much as possible, by sending to me a precious volume titled *Solomeo*⁷⁸ (from which I have taken many insights into this chapter) and the *Lectio Doctoralis* of graduation “ad honorem” in Philosophy of Brunello Cucinelli.

Then, she kindly suggested me I should address Giuseppe Moscati, manager of the *Aurelian library* of *Neo-humanistic Academy* for the *Fondazione Brunello e Federica Cucinelli*.

On the phone, Giuseppe Moscati, was immediately available for a meeting, and we set an appointment on March 13rd, 2017.

I arrived at Solomeo at 10:45 A.M. together with my parents (I wanted to show them what I was fascinated by and what was the topic of my research). I called him to confirm my presence.

Giuseppe Moscati, like an exquisite host is used in being, came to welcome us in the parking lot, located in the lower part immediately outside the village. Some volumes were stretched under his arm, and I'm surprised when he told me “Hold! We are happy to give you a little present”. He extended to me a book wrapped by a cloth ribbon: it's Epicure's masterpiece "*Letters on Happiness*". A gift that I appreciated very much, which I have read with pleasure and which I guard jealously.

⁷⁸ Cucinelli, B. (2015). “Solomeo. Un’impresa umanistica nel mondo dell’industria”. QUATTROEMME, Perugia.

Solomeo stands out against a hill of olive groves in all its splendor of medieval hamlet in red bricks, on the skyline, two tower stranded: the first one belongs to the castle, the second one with the bell is of the church. The blue sky and the shining sun make it a worthy frame. Our guided tour started.

The narrow streets of the village can only be walked on foot. What was immediately in sight was order and cleanliness. The jars full of colorful flowers and lanterns to light the night. Bright and luscious Jasmine covered the walls, and its fragrance was spreading out the entire hamlet. Rosemary bushes make a hedge in the green gardens. We reached "*Piazza della Pace*"⁷⁹, which is the heart of Solomeo, an open window on the green of a breathtaking panorama. At the foot of the village opened a long expense: the ambitious "*Project for Beauty*" appeared in front of us. This is a project for landscape upgrading, structured in three major theme parks:

- *Industry Park*: Long ago cumbersome industrial factories arose; now agricultural fields, pines and holm oaks are spread.
- *Park of the Oratory of Laity*: a modern green plant, with a pretty barrier-free stadium standing in the center, where the kids can play into the green.
- *Agrarian Park*: hectares of land for gardens and cultivated fields, fruit trees and sunflowers.

Behind there is the castle, offices and a flagship store. In an adjacent structure, we finally find the courses of *Cutting* and *Tailoring*, *Sewing* and *Mending*.

Our first encounter was with the students of the *Cutting*. They were housed on the ground floor of an adjacent castle building. Giuseppe Moscati introduced me to them, and explained the reason of my visit: "I am a student who is collecting elements for my master thesis". The apprentices were four, including a boy and three girls. They greeted me with a smile and showed some pieces of paper that represent the pattern of a women's shirt. The teacher then explained with extreme clarity and professionalism that the pieces of the paper model will be placed on the fabric with pins, leaving a small margin for seams. During the training period (which last one academic year), the students will complete only four models; one of the four will be held, so next formers will use it like a model. The other three pieces will be donated to charity.

The guys were also enthusiast to explain to us that you have to pay attention in such a way that the cloth pieces are re-joined: the aim consists in reproducing accurately fabric fantasies when pieces were putting together.

I asked more questions to the teacher, who responded with great availability and then invited us to take a look upstairs (*Tailoring*) where we could see the group of four girls making the seams and assembling pieces realized downstairs. unlike the bottom floor, where there was a cutting table, rows and precision scissors, upstairs we found high-tech sewing machines for sewing and finishing work.

When we entered the room beside, we found two masters, one *Sewing* and one *Mending*, working side by side. Still four girls sitting around a table with large lamps to retrieve small blemishes that might result in

⁷⁹ "Peace Square", its name has a precise reason: it is in honor of the famous philosopher Aldo Capitini (Perugia 1899 - Perugia 1968) deeply involved in "non-violence" movement.

knit weaving. But *Mending* work was finished, no trace will be there anymore. While another master taught us how, once the individual pieces arrived and knitting of cashmere was prepared, they were assembled with the help of sophisticated machinery and -above all- thanks to a great sight! At the end, there is the possibility to embroidery the garment: it depends on the situations.

In another adjacent small house to the one just visited, we found the home of *Men's Tailoring*. This room was the biggest and the brightest, with such wide windows. The group of students is the largest, from a minimum of six to a maximum of eight. There are three teachers: one woman and two men, and everyone was clutching a man's jacket. The most expert master, a very distinguished person, explained in theory how to make a man's jacket, and showed us all the single pieces of fabric it was made up of. And then he showed us the finished job on a dummy, which will only need ironing and wrapping from now on. Everyone is working with needle and thread. I caught the opportunity to ask questions to the apprentices and to exchange impressions. The students told me that most of them were graduates, and once they had known this School project, they quitted the idea to apply to University and followed this way. But this is the testimony of whom passed the selection and accessed to the training course. The course of male's tailoring is the longest one and even the most complex of the school. While we kept in touch, they confessed to me their awareness that they will never stand this profession during all their life. At last, they told me about their personal ambitions and aspirations for the future: being hired from the Brunello Cucinelli company could be a great chance, but it is too early to exclude running some own *atelier*.

When we came out, we met the *Wall Art* school boys, that -with the necessary tools- headed for the restoration of some small wall, building or narrow street, so that the whole village could keep a refined appearance.

The same for the guys of the *Horticulture* and *Gardening* course, who are entrusted with the task of keeping alive the gardens and looking after to the green and every little flowerbed. And for this reason we saw them constantly traveling in the green spaces around the village.

We went on to the Brunello Cucinelli's *Theater*. The building was realized *ex novo*, respecting the architecture of the place, and with suitable materials. An imposing beam embellished the complex, and an exhibition of wax masks (dated at the time of the first show, in 2008) was a tribute to the prestige of the Greek theater. At the entrance of the theater, the posters of all the performances hosted there are displayed in a great manner: works and companies made by artists of huge fame are highlighted.

Facing the theatre, we find the *amphitheater*, also made according to precise directions of Brunello Cucinelli, and placed in a position to allow a panoramic view and an ideal acoustics. Because Art and Culture came under the concept of beauty so, emphasizing them will predispose to wellness.

Behind the theater there is the "*Garden of philosophers*", where you can walk, read, or just stand immersed in the greenery and the scent of lemon plants, in a peace that favors reflection.

Finally the castle. The headquarter is there, together with offices, the flagship store and the *Aurelian library*, where books of all kinds are found and in every language, so that every guest of Solomeo, from Italy or all

over the world, can enjoy it according to literary tastes and idiom. At the center of the room, a piano, to cheer on conviviality evenings.

2.3.1. The pact with the territory

“The future is in the hands of our young”. This is the slogan that best explains the motivation of the training project undertaken by Brunello Cucinelli.

The Solomeo *School of Arts and Crafts* started in 2013. Just one year later, in 2014, the entrepreneur signed an agreement with the *Umbria Region* and *Confindustria Umbria* for the formal recognition of the courses. With this pact, the Solomeo School project became part of *Confindustria Umbria Training Systems* (SFCU). In addition, the accreditation, recognizes the endorsement as valid certification at a national and European level.

The president of the Umbria Region, Catuscia Marini, hopes that this initiative in the world of education will be emulated by others, and will be part of the youth support projects, *Youth Guarantee*, which in Umbria has already involved about 3000 girls and Teenagers, approximately 1200 of which are from other regions (data are updated to 2014).

Finally, as reported in the *Umbria24*⁸⁰ newspaper, Aurelio Forcignanò, General Director of Confindustria Umbria, said: “Accompanied by Cucinelli's experience, it is necessary to create a new model for training, which has to retrieve the direct link between the formation of Young people and companies”. The General coordinator of Confindustria Umbria Educational Systems, Nicola Modugno also said: “The company that is doing education; This is the future of training to be supported”.

⁸⁰ <http://www.umbria24.it/economia/il-futuro-e-nelle-mani-dei-nostri-giovani-i-corsi-di-cucinelli-da-oggi-col-bollino-della-regione>



SOLOMEO (PERUGIA)



THE CHURCH BELL TOWER OF SOLOMEO



HEADQUARTER OF BRUNELLO CUCINELLI SPA



DEPARTMENT OF HORTICULTURE AND GARDENING



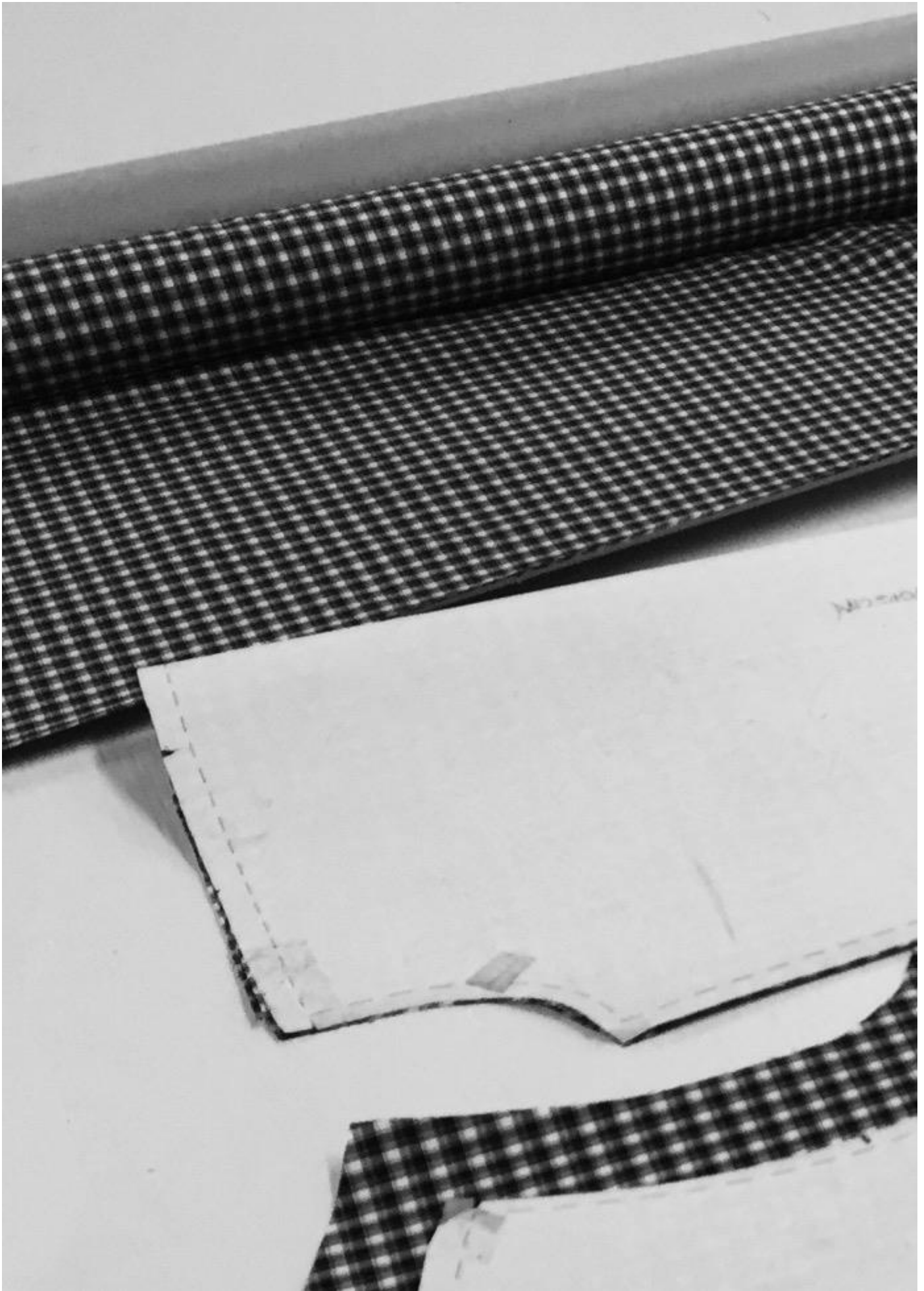
FLAGSHIP STORE AND THE SCHOOL OF ARTS AND CRAFT



A VIEW FROM THE COLONNADE OF THE SCHOOL OF ARTS AND CRAFTS



DEPARTMENT OF CUTTING AND TAILORING



DETAILS OF A SHIRT



APPRENTICES AND MASTER OF CUTTING CLASS



A FINISHED SHIRT



APPRENTICES IN MENDING



APPRENTICES IN SEWING



APPRENTICES IN TAILORING



APPRENTICES OF MAN'S TAILORING



MASTERS OF MAN'S TAILORING



MEANINGFUL BOOKSHELF IN THE HEADQUARTER: BALLS OF WOOL AND BOOKS



THE MAIN PERSONALITIS THAT INFLUENCED BRUNELLO CUCINELLI



AGISCI IN MODO DA CONSIDERARE
L'UMANITÀ
SIA NELLA TUA PERSONA
SIA NELLA PERSONA DI OGNI ALTRO
SEMPRE COME NOBILE FINE
MAI COME SEMPLICE MEZZO
(I. KANT)

A QUOTE FROM THE PHILOSOPHER IMMANUEL KANT POSTED ON THE WALL



THE GARDEN OF PHILOSOPHERS



THE PROJECT OF BEAUTY AND THE REFURBISHED FACTORIES





THE THEATRE



THE FACADE OF THE THEATRE



THE AMPHITHEATRE



INSIDE THE THEATRE



SMILING WITH GIUSEPPE MOSCATI, HEAD OF THE AURELIAN NEOHUMANISTIC LIBRARY

3. Niko Romito Formazione, in Castel di Sangro

By Niko Romito Formazione e Consulenza Srl

“Nullus locus sine genio”

(Servio)

3.1. “1971”

We are visiting the *Reale* (***) Michelin) Restaurant, in a place called Casadonna, close to Castel di Sangro (L'Aquila), when we pass under a bow that delimits the entrance.

Below it, there is a written date, assembled by dark pebbles in contrast to the white ones on the floor: 1971.

At first I ask the meaning of that date, Piergiorgio Valentini, assistant at the *Niko Romito Fromazione*, and our Cicerone in the guided tour, anticipates to me, exclaiming: “That is not the date of birth of the chef Romito. He was born in '74”.

3.2. Self-made chef

All starts in 1974. In Rivisondoli, a village near Castel di Sangro (L'Aquila), where Niko Romito was born.

He was the last of four children, preceded by three sisters. One in particular, Cristiana, will accompany him in all his ascent to the “high-cuisine world”, becoming a partner in his business.

Niko Romito spent a carefree childhood in the picturesque landscapes of Abruzzo. His father runs a bakery in Rivisondoli, the “*Royal*”, to whom he flanked a restaurant called “*Reale*” ... at the time when Niko moved to Rome for University. The two names wanted to be a tribute to the noble palace that housed his two activities.

Brilliant economics student, in the full of his university years and so close to the graduation, Niko Romito was forced to forgo his dream of becoming a *financial broker* because of a vicious event that will suddenly change his life.

We are in 1999, four days before Christmas. His father was severely ill, and right then “He decided to stop fighting” (as Niko Romito says in his biography).

The blow was very tough: his sufferance and feelings were indescribable. But he did not give up, and decides to be in the saddle of his father’s restaurant. With engagement, self-taught studies, and full of adventure experiences matured in Italian and foreign restaurants, Niko Romito began his prodigious climb to the world of high-cuisine.

He revolutionized his father's concept of food service, raising the standard of dishes, their services and location. In fact, he detects an old convent in Casadonna, located in altitude among the mountains of Abruzzo, just in front of his village Castel di Sangro. Surrounded by the greenery, that location offers a panoramic view of the country below. There he set up the new *Reale* restaurant, in honor of his father.

His volcanic and proactive mind smacked the unexpressed potential of that place. So, he decided to enrich the structure with new modern and simple buildings, in harmony with the pre-existing convent building, to set up rooms for a hotel and classrooms for laboratory activities.

Less than forty years old and, I repeat, with a self-taught formation, he gained the highest reverence in the world of gastronomy: *three Michelin stars*.

It was in October 2013. A month later that his training school had started.

3.2.1. Apparently simple

I am at my uncle's for a dinner invitation. While helping my cousins doing their homework, I told them that there were schools where ancient crafts, such as tailoring and so on are taught, and that, one day, I would like to prepare my master thesis on those realities.

So, my uncle intervened. And before suggesting anything else, he gave me a book: "*Apparentemente semplice*"⁸¹ by Niko Romito. He told me about the prestige of the chef (the protagonist of the autobiographic book) but above all, he emphasizes the extraordinary *managerial implications* of his business idea. Last, but not least, he introduced me to the chef's training initiative: *Niko Romito Formazione*⁸².

When I came home, I started reading immediately. Pages after pages, Niko Romito was becoming a character in my personal story. The story grew and evolved in what we are reading now: my master thesis. Likewise, there was a growing desire to meet him for a discussion.

My contact with chef Niko Romito happened through Simona Guarneri, his PR assistant, who kindly cares about my thesis project, and helped me ask the chef the questions that I would have liked to personally send to him.

So, I quoted the interview⁸³ below:

1. *Good morning Chef; I read a lot and heard the same about your Niko Romito Training initiative. Why start a training activity?*

"The old Reale restaurant was in Rivisondoli, my native town. When I opened Casadonna in 2011, I did it with the intention of creating a "cultural pole" around the kitchen, not just finding a bigger place for my restaurant, for me and my sister Christiana. For me, opening a training school was very natural "continuum" of the original business: I did not have any masters; I gained my knowledge of self-taught. I spent short stays at major restaurants such as "El Celler de Can Roca" by Roca Brothers or "Da Caino" in Montemerano with Valeria Piccini and Maurizio Menichetti -my putative masters- but in fact I built my own growth path. I thought that to convey to others my knowledge was a necessary gesture, particularly in

⁸¹ The title of this chapter "Apparently simple" is inspired by the title of the biography of the chef Niko Romito.

⁸² In English, it sounds like "*Niko Romito Training*" (editor's note).

⁸³ The interview was translated by Vinicio Di Iorio

Abruzzo and in the territory of Castel di Sangro, which -even if it was a strong tourist Centre- it was out of the gourmet travelers' route in spite of its extraordinary gastronomic heritage . The Niko Romito Training is born from the idea that cuisine today means “research” and, in this sense, the contribution of young people is crucial and indispensable. Teaching is a mutual relationship in which we both need one another: the students need me (and my school) for learning, but I also need them because they are for me a continuous stimulus, “a mirror where to look at myself”, a human interface to face with... over my brigade with whom I work every day”.

2. *What is the current state of the project (return on investment, growth prospects) and future prospects (growth in terms of subscribers, opening up new structures, new collaborations with other entities)?*

- *Founded in 2012 and Accredited Training School in the Abruzzo Region*
- *2 High Professional Cooking Courses per year (1 starts in spring, 1 starts in fall)*
- *maximum 16 subscribed per course*
- *€ 1,1 million revenue (2016)*

The school was born in 2012 thanks to the support and trust of important partners such as the BCC in Rome⁸⁴, who believed in my whole Casadonna project (training project is included), and companies such as Pasta Garofalo, which since the beginning has married the Niko Romito Formazione project. In 2012 our school was accredited as a training facility in the Abruzzo Region: an operation that allowed us to participate in the Special Project R.E.S.T. Abruzzo (Risorse enogastronomiche per lo sviluppo Turistico d'Abruzzo ⁸⁵, within the project FSE Abruzzo 2007/2013⁸⁶ - Axis 4 - Human Capital), offering the opportunity to 60 unemployed young people in Abruzzo to training themselves at no cost and to become part of the World of cuisine as professionals.

Today, our revenues amount to € 1.1 million (in 2016), and we offer two annual courses of Professional Italian Cuisine, available to a maximum of 16 students per course who live a 360 Degrees experience of both Casadonna and Niko Romito Formazione. At the end of the course, all students take part in a training session at one of the Spazio-restaurant labs- or other high qualified restaurants, to introduce the students into the workplace. Many of them enter into our “brigade” permanently, from the Reale to Spazio, some open their activities, others find their way abroad or in Italy.

The network of partners keeps growing constantly, because with them we create a win-win model that becomes profitable for both parties. For us partners are a resource to run: we think of the Unforketable project with Pasta Garofalo, the collaboration with Autogrill for the opening of Spazio in Milan, or the joint

⁸⁴ Cooperative Credit Bank of Rome

⁸⁵ *Enogastronomic Resources for the Development of Tourism in Abruzzo*

⁸⁶ European Social Funds program for Abruzzo 2007-2013

with Fiuggi water for the supply of water from Spazio. Stipulating a partnership means first of all sharing values, and then developing projects together.

The access to our courses is very demanding, and spaces in Casadonna are limited. Soon, we will provide new spaces for students, and this will allow us to increase the number of members, as well as further expand the training courses.

- 3. Who are your current partners (region, universities, sponsor) and how much is their support for the initiative?*

We have three types of Partners:

- SUPPLIERS (Annual fee + product supply): GAROFALO, ILLY, AUTOGRILL, OLITALIA, MOLINO CAPUTO, FIUGGI.*
- TECHNICIANS (Product Supply): PENTOLE AGNELLI, SIRMAN, CARPIGIANI GELATO UNIVERSITY, GOURMET SERVICE and BCC of ROME.*
- DEGREE (Provision of Educational Services): UNIVERSITA' DEGLI STUDI DI SCENZE GASTRONOMICHE DI POLLENZO and SLOW FOOD ITALIA.*

We are a school accredited by the Abruzzo Region, but we have never had any partnership or patronage or sponsorship with it.

We have three types of partners: supporting partners such as Garofalo, Illy, Olitalia, Molino Caputo and Fiuggi who support us with an economic contribution and a supply of products; Technical partners such as Pentole Agnelli, Sirman, Carpigiani Gelato University, Gourmet Service and the BCC of Rome who, as a partner in kind, provide us with products, services or technical equipment (eg BCC provides financial facilities for students who want to take part in the course); Educational partners such as Slow Food Italia and the Università delle Scienze Gastronomiche di Pollenzo, who assist us in terms of content and training, by providing us teachers and experts for our courses.

We have other partners who make scholarships for students available and which change every course like Itala Cibus, Falesco agricultural enterprise and Bruno Vespa enterprise, High Quality Food, Valle Reale. They do it because they believe in our idea of school, they want to contribute to the formation of chefs, who will be able to enhance the country's food and wine excellence.

- 4. Some figures. What is the employment percentage of student after the course?*

With the 13th course (now in progress) we totalized 180 students enrolled since 2012. Out of these 180 students:

- 8 (4%) have started their own business on cuisine, and 3 others are going soon.*
- 80% of the students are employed in the HORECA world after the school years, within national and international cuisine brigades.*

Nowadays, 15 scholarships have been assigned for a total amount of € 63.000

So far, we have provided 13 training courses for a total of 180 apprentice chefs. 8 of them, opened food activities (or revitalized their own family business), and others are going on the same way.

80% of the students, once left our classrooms, are employed in the HORECA⁸⁷ world and in cuisine brigades both in Italy and abroad.

Thanks to our partners we have assigned 15 scholarships, for a total amount of € 63,000.

We have created an ecosystem around the Reale restaurant, which includes, in addition to Niko Romito Training, the Casadonna boutique hotel, the Spazio restaurants-lab, and many other projects in progress: this often allows students to find employment within our “ecosystem”, as well as in other restaurants.

In essence, we have created a positive chain that creates value for everyone.

5. *How many students are starting their own business after the training period in your school (can you suggest some examples)?*

Nowadays, they are 8. Some of them on La Repubblica⁸⁸:

- *Caterina Ceraudo – “Dattilo” (* Michelin) (Strongoli - KR)*
- *Stefania Di Pasquo – “Locanda Mammi” (Agnone - IS)*
- *Raffaele Trilli – “Cichibio” (Roccaraso - AQ)*
- *Luca Marra – “Beccaccino” (Castello di Sangro - AQ)*
- *Gianni Dezio – “Tosto” (Atri - TE)*
- *Felice Cioci and Marco Cozzi – “Spoon” (Teramo)*
- *Fabrizio Sacco – “Il Caffè delle Merci” (Pescara)*

6. *Is there an initiative in preserving and enhancing local heritage?*

You must consider that my idea of cuisine has a strong connection with the local food and wine, agricultural and cultural heritage; and I brought this idea into the school's classrooms. For me Abruzzo has always been a reference (like the North Star in the sky⁸⁹): at the beginning it is has been in a more concrete sense, today it is in a more abstract one (my cooking has evolved over time)... but always present. I have a stable relationship with suppliers in Abruzzo and with my brigade we do a great job of valorizing local raw materials. The school is on the route of the key concepts of Slow Food philosophy, which sees food as a part of an ecosystem that starts from the ground and comes to the plate through the intervention of people who,

⁸⁷ Hotellerie-Restaurant-Café (or Catering)

⁸⁸ http://www.repubblica.it/sapori/2017/02/17/foto/storie_allievi_scuola_formazione_niko_romito-158522528/

⁸⁹ Editor's note

through their cultural background, transform food into something that “tells a story and a genius loci⁹⁰”, as well as transmitting flavors and emotions.

The students, who come from all over Italy and the world, are led toward the exploration of local companies and producers, learning about local products (legumes, for example, or cereals); they discover the link between the food and the ground, and appreciating each product is different from any other because each one comes from a different humus (agricultural, climatic, environmental, cultural, social).

We at first, teaching to students, have to learn about local gastronomic heritage, and enhance it with contemporary techniques and knowledge. It is not a mere recovery of tradition or history, but it is an actualization of the gastronomic heritage that can be enjoyed by everyone and appreciated because it is contemporary.

7. *Chef, can we consider Niko Romito Formazione as an implementation of corporate social responsibility?*

I think so. Not all chefs have a training school, it is not mandatory. And it is not just a matter of business. A training school creates culture, awareness, a community of people who share values and ethics of work, a concept we are very focused on. At Niko Romito Training we teach guys to “be” chefs, not to “make” the chefs. And if you link this sentence to the learning approach we adopt, to the influence of Slow Food and to the valorization of local gastronomic heritage, you understand how ethical relics are remarkable. To those who attend our courses, we offer an idea of cuisine based on respect for raw materials, knowledge of Italian origin and Italian culinary traditions, and then we are going to embrace the world and the contemporary age through the study of very advanced techniques and the realization of experimental projects. In 2016, for example, we launched the IN⁹¹ - Nutritional Intelligence- project, which completely revolutionizes the process of preparation, delivery and quality of meals in hospitals and in general catering. Nutritional Intelligence is the daughter of my way of thinking about cuisine and chef work; that is the way I show my students, so they will follow that, once they get into the work world.

8. *Do you think Corporate Social Responsibility is a win-win strategy (for your business, territory, and apprentices who are training with you)?*

Yes I do, and I also believe that every entrepreneur should face the problem of the social and ethical relapse of his actions. The Niko Romito Formazione model aims at enhancing first and foremost the culinary (and therefore cultural) Italian tradition, the regional one (in this case, Abruzzo); moreover, this approach leads the students to discover the surrounding territory, through visiting to production companies and suppliers.

⁹⁰ It is a Latin expression, related to Pagan religion of ancient romans. It could be interpret like the “Essence of the place”.

⁹¹ Acronym “IN” is in Italian. It means “Intelligenza Nutrizionale”.

We teach the students that it is not important to know only the raw material but also who produces it, what is its philosophy of work and its ethical approach. Then the students will, once they enter the work world, continue to apply this approach; so, they will create a virtuous circle into the physical site they will collaborate with. With the Reale Restaurant, Casadonna and Niko Romito Formazione we wanted to create a real "cultural pole" devoted to cuisine that had positive consequences for the whole surrounding area in terms of visibility, microeconomics of local (or regional) suppliers, and giving the opportunity to train as young chefs in an integrated setting that provides a continued collaboration with the Reale (3 *** Michelin) restaurant, the Spazio restaurant- labs, and other projects that will come.

After this interview, I needed to visit the place. So always through Simona Guarneri, I get in touch with Fabio Bucciarelli, head of -together with Piergiorgio Valentini- the *Niko Romito Formazione* training school. We set up an appointment in May.

3.3. Visit to Casadonna

It was 10:30 A.M., I'm out of the Casadonna gate together with my mother and my brother (again, I want to share this experience with them; it seems to me a simple way to repay their constant support).

I ring the bell and wait in front of the big fence surrounding the farm. Piergiorgio Valentini, is welcoming us like an exquisite exquisite hosts, and guided us for a very interesting guided tour.

We started from the vineyards of *Pecorino*⁹², native vine, recovered and re-planted in the mountain area (860m. above the sea level) on the right of the Casadonna structure. The name "Casadonna" comes from the previous monastery of nuns who was located there.

In the area in front of the building's entrance and on the left of it, a lush green meadow extends. In the middle of the garden, a centuries-old Beech stand like a tower. Under its shade, "*Pane*" and "*Olio*"⁹³, two *Abruzzese Shepherd dogs*, are breathing relaxed showing their tongue. They are the real hosts!

Beyond the tree, Casadonna's vegetable garden, where experts agronomists and horticulturists cultivate vegetable production.

Keep going on in our tour, we entered into the closest building: it is where the school is located. At the ground floor classroom, students are attending a lesson about coffee (the professor was from *University of Coffee*, by Illy in Trieste). A teacher explains about all the secrets of coffee -from harvesting to tasting- to a class of a dozen students. Each of them has a different provenience and schooling background. In fact it is allowed to apply for *Niko Romito Formazione* school after obtaining the high-school diploma. It is not required a hotel management school license. Among the students there are also graduated ones, who have chosen to invest in this field. The subjects which apprentices study are *Ethnobotanical*, *Chemical* ... but also *History of Gastronomy* and *Work Safety*.

⁹² *Pecorino* is type of white vine from Abruzzo.

⁹³ "*Pane*" and "*Olio*" are also the most traditional and diffused ingredients in the Italian cuisine: the "bread" and the "olive oil".

The training course lasts ten months, with two annual departures; The first in the spring, the second in the fall. Each course is divided into two parts; the first one is mainly theoretical, both in classroom lessons and laboratory hours. In the first thirty days, only theoretical lessons are held in the classroom. At the end there, there will be the only written test. After that, they begin the lessons in the laboratory, where students will be confident with pots and ovens. After another thirty days of practical lessons, students will face a second test. This time, the test will be practical. And it will consist in the preparation of a main basic dish⁹⁴. All the required ingredients to prepare the dish will be provided... and some unnecessary or wrong ingredients too (to try to put students in difficulty). Then, after the last thirty days of other practical lessons, the final exam is the last stage. This will consist in the famous “*mystery box*”. Within two hours, the apprentices will have to prepare a dish with the ingredients found in the box according to the theme indicated by the chef Niko Romito. And then, they have to prepare one portion for each member of the commission. Obviously, everything will be evaluated: taste, creativity, service, and “*impiattamento*”⁹⁵.

At the end of these months, they spend a whole week in “*Spazio*” restaurant in Rivisondoli. There they will prepare and serve dishes they have made, and get in touch for the first time with real customers. That experience will serve to empower them, and appreciate the importance of criticism for professional growth⁹⁶. In fact, the name “*Spazio*”⁹⁷ comes from the intention of the chef Niko Romito to “giving space to the young”. It is an important learning accelerator. Throughout the course, students are followed by both chefs and university teachers. Students are monitored all the time to decide for the better solution for each of them. There are two destinations: “*Spazio*” restaurant in Rome and in Milan (these two are the bigger projections of “*Spazio*” restaurant in Rivisondoli).

After explaining the organization of the school, Piergiorgio Valentini shows us the wall with the class schedule, administrative offices and secretary students. Like a normal University.

Then we are led to the first floor, where there are laboratories. There apprentices can practice under the teachers control. We met one of the staff, chef Alessandro De Stefanis.

He kindly answered our questions. He explains that his role consists in explaining to the students the techniques of cooking, the association of foods, the service rules. Additionally, it also follows the guys’ attitude carefully to evaluate their predispositions, their character, their ability to manage stressful situations and the capacity of focusing on their job in crowded and noisy spaces like restaurant kitchens are. He then, concludes his speech by responding with great clarity to my question about the “food cost”⁹⁸.

About lodging, Piergiorgio Valentini informs us that all the students reside in Castel di Sangro, renting private apartments and reaching the school - which is out in the countryside - with their own transportation.

⁹⁴ In Italy we used to call it “*primo piatto*”, like “pasta”, that abroad may be considered as the “main dish”.

⁹⁵ It consists in harmony between shape and the size of the plate and the kind of dish which it contains.

⁹⁶ The famous managerial philosophy “learning by doing”.

⁹⁷ It means “space”. In that case it could be interpreted both in a physical and metaphorical sense.

⁹⁸ “Food Cost” is an analytical procedure, that was born in the US, used to determine the price of a dish, especially in the high-cuisine.

During winter time, when the snow could be a serious hindrance to reach the school, organized transportation is provided by the school.

Then he shows us the bakery and pastry department, which represents a separate specialization, and that will be a matter of examination only for those who will want to choose this particular sector.

It also illustrates to us that suppliers are local as much as possible. And when it is not possible to be served by the local one for license reason, they address others, but the imperative in the following: safe traceability of raw material.

Our visit continues to the kitchen of the restaurant *Reale*, which resides right in the old convent structure. There, a world opens up: pantry, refrigerator, are all things that we meet while we are going to the huge kitchen of *Reale* restaurant. Work tables, stoves and ovens, machinery and utensils of all kinds. All in steel and strictly clean and tidy. At a first sight, it looks like an enormous operating room. In a corner, there is the chef's desk, where he manages the entire brigade, like a director of an orchestra.

The kitchen is divided into three sectors: starters and second courses, main courses and sweets; respectively entrusted to three different groups of boys. All these three groups are coordinated by two chefs that collaborate side by side with chef Niko Romito. We exit the kitchen (following the path that a dish does) we descend to the basement, where we find a small room with brick walls and barrel ceiling, with a double glass wall from which you can see the cellar. A box of bottles with prestigious labels arranged with order and care. We go back to the ground floor and enter the adjoining rooms, located in post-construction compared to the original body. Here we find a huge and elegant dining room, with a floor of stone slabs. Only six tables are arranged for only few guests. At the bottom of the room, an all-glass wall faces the garden, and allows the sun to light up all the room.

Next to it there is the “*winter garden*”, with citrus plants, mossy wall, and climbing plants: a suggestive location for a buffet and ceremonies.

Upstairs the “*fireplace room*” with a large fireplace and stone floor, followed by the breakfast room with citrus plants and small wooden tables. Even there, the bottom wall is entirely made by glass and overlooks the garden. Still, on the first floor there are few bedrooms of the *Casadonna boutique hotel*, located between the central complex and the left side. There are seven rooms. And each one has its own charm. They look spacious and bright, with simple but valuable furnishings. Each has a large bathroom with tub, double shower, sauna and Turkish bath. In one of these, in the middle of the bedroom, stands a large circular bath with hydro massage. Decor is basic but refined, which recalls in some details the “shabby chic” style, and is composed of a variety of materials, such as stone, wood and iron, but so well mixed in harmony for a final suggestive effect. The entrance of the ancient complex is located at the back; an old wooden door stands in the middle of the original façade.

In front of it, there is a cobblestone square and a small stone well.

That was the *Casadonna* convent, so called because it hosted religious people. In it is located the entrance of the hotel and on the floor below, the restaurant Reale (** Michelin).

Our visit ends here. Piergiorgio Valentini accompanies us back to the parking. With great cordiality greets us with an "*Arrivederci ...*".

3.3.1. A boost for the territory

In 2013, one year after the first course of *Niko Romito Formazione* began, the project "R.E.S.T. Abruzzo" started. It is a Higher Education initiative lasting till 2015, approved by the Regional Council of the Abruzzo Region and funded by the European Social Fund (ESF) in its 2007-2013 programming period. The ESF sets objectives to improve regional competitiveness and promote employment.

Throughout the lifetime of the project, it has been possible to provide 60 scholarships to unemployed young people in Abruzzo, and so giving them the opportunity for a free training and becoming part of the food industry as protagonists.

In addition to this exclusively regional parenthesis, the data provided by *Niko Romito Formazione e Consulenza Srl* are exciting:

Thirteen courses have been held since 2012 (the 13° is ongoing), for a total of 180 students enrolled. Of these, 80% is employed in the HORECA world, within national and international cuisine brigades. 8 students (4%) have opened their own restaurant, and three more will do it soon. Among them we can recall five that opened in Abruzzo; Stefania Di Pasquo in Molise and Caterina Ceraudo, who has already achieved 1* Michelin star at her restaurant *Dattilo* in Strongoli (Crotone).

Last, it should be emphasized that Niko Romito supports a lot of new entrepreneurs who intend to start their own business, providing them a solid network of partners and suppliers.



ENTRANCE OF REALE RESTAURANT, WALKING ON THE "1971" WITH PIERGIORGIO VALENTINI, HEAD OF NIKO ROMITO FORMAZIONE



CASADONNA, IN CASTEL DI SANGRO





“PANE” AND “OLIO” ARE RELAXING ON THE GRASS



THE SIDE OF CASADONNA WHERE THE SCHOOL IS PLACED



THE NIKO ROMITO FORMAZIONE E CONSULENZA SRL LICENSE PLATE



I WAS SITTING IN FROM OF THE LABORATORY DISHES



THE 13TH COURSE STUDENTS ATTEND A LESSON ABOUT THE COFFEE



ALESSANDRO DE PANFILIS, CHEF SUPERVISON AT NIKO ROMITO FORMAZIONE, PREPARES A COURSE



TOOLS FOR THE STUDENTS



REALE RESTAURANT, 3 MICHELIN STARS. ONLY SIX TABLES FOR AN UNFORGETTABLE DINING EXPERIENCE.



CHEF'S MEMORABILIA IN THE KITCHEN OF HIS RESTAURANT



KUMQUAT, A JAPANESE CITRUS FRUIT



DESIGN AND NATURE MEET EACH OTHER IN THE BREAKFAST ROOM, WITH CITRUS PLANTS AND SMALL WOODEN TABLES



"FIREPLACE ROOM"



THE DOORWAY OF THE ORIGINAL CASADONNA COVENT HAS BECOME THE ENTRANCE OF THE CASADONNA BOUTIQUE HOTEL



THE VINEYARD OF CASADONNA WHERE STUDENTS CAN PRACTICE. THE VILLAGE OF CASTEL DI SANGRO IS ON THE BACKGROUND



A POSTER AT THE THIRD FLOOR OF "EATALY", IN ROME, WHERE "SPAZIO" RESTAURANT IS OPEN TO THE PUBLIC. "HERE ARE THE GOOD IDEAS OF EATALY"



“SPAZIO” RESTAURANT AT EATALY IN ROME, WHERE APPRENTICES CAN PRACTICE WITH CLIENTS





A SHOT IN THE LAB WITH THE CHEF ASSISTANT OF NIKO ROMITO FORMAZIONE ALESSANDRO DE PANFILIS



THE SMILE OF MY MOTHER, LAURA, ACCOMPANIED ME ALL THE TIME. THIS IS MY WAY TO SAY HER "THANK YOU"

4. Empirical evidences and conclusion

4.1. Mission and vision

“I believe in a humanistic enterprise: business should comply in the noblest manner with all the rules of ethics that man has devised over the centuries. I dream about a form of humanistic modern capitalism with strong ancient roots, where profit is made without harm or offence to anyone, and part of it is set aside for any initiative that can really improve the condition of human life: services, schools, places of worship and cultural heritage”.

“The artisans of tomorrow have been trained here for several years already: they are learning the different arts and crafts that used to be the glory of Italian creativity and have almost disappeared today”.

(Brunello Cucinelli)

“In essence, we have created a positive chain that creates value for everyone”.

“We teach the students that it is not important to know only the raw material but also who produces it, what is its philosophy of work and its ethical approach”.

*“With the Reale Restaurant, Casadonna and Niko Romito Formazione we wanted to create a real ‘cultural pole’ devoted to cuisine that had positive consequences for the whole surrounding area in terms of visibility, microeconomics of local (or regional) suppliers, and giving the opportunity to train young chefs in an integrated setting that provides a continued collaboration with the Reale (3 *** Michelin) restaurant, the Spazio restaurant- labs, and other projects that will come”.*

(Niko Romito)

4.2. The circular effect of CSR

That is what we call “circular economy”. In fact, the characteristic of CSR is that it generates a return of investment in a wider sense, because it involves not only traditional audience (stakeholders) but also the surrounding actors, like local community –from young people unemployed to institutions like Region and Universities, from farmers to territorial suppliers. The boost from the surrounding actors realizes a boost which comes back to the starting point (the company) realizing a “circular effects”, also “*in terms of visibility*”. It is *win-win*. It is the circle that closes.

As it was introduced in the chapter of the literary review, only when we do authentic things, respecting everyone and everything, we can *really* make *proclamations*. Indeed, the proclamations may spoil the reputation of the enterprise when they do not reveal the truth (that kind of attitude is also known as “green washing”). Otherwise, this strategy looks like the one who seeks to point the spotlight on something in particular (to divert attention from something else). Therefore, the key word for a convincing communication is *authenticity*; it consists in the coherence between what a company do and what a company says to do. Moreover, authenticity is enriched by history and values. These are the most effective persuasion

weapons, because they are able to disarm anyone: if you do not have areas to hide, you do not have weak zones. And conversely! The audience most concerned with the company's outbreaks (that of stakeholders) can make a thorough and accurate screening of the health state of the company, knowing what it is that matches, what the company is. These companies, to be considered “pure”, have to be seen with all the contact points they have in their daily lives, in order to be able to consider them as “happy islands”. Thus, responsible companies know that their work leaves traces on the territory, on the local community, on society, as well as on their own income... today and in the years to come. This is why, during my research for the thesis, I have investigated about these two business realities that have looked beyond their spatial and temporal boundaries.

Beyond the spatial boundaries because they have looked out of their core business, launching complementary activities.

Beyond the boundaries of time, because they have invested in future generations, or the only means of ensuring prosperity not only in the foreseeable years but also for the next generations.

Starting their respective training schools, Solomeo's *School of Arts and Crafts* and *Niko Romito Formazione* have opened doors to those who will be tomorrow's adults. Providing their professional training has credited the role of an artisan, making the boys the true custodians of Italian artistic and cultural heritage.

Secondly, they offered a round and heterogeneous training to these young people, alongside topics such as art, history, business management and cost analysis, in order to train people who could sow something “their” in the future (be their or other’s business activities, or even pure and simple craftsmanship).

Third, they have done all this in fantastic, fairy-tale places; have brought the boys to the attention to nature, to the beautiful, to the “slow” and to the genuine.

Therefore, in the face of all these initiatives, it seems almost reductive or embarrassing to talk about simple marketing. Here we are in front of a refined persuasion strategy that has as its primary means *authenticity*. This is how competition invitations to enter the schools concerns become effects of an institutional publicity. So that the breathtaking landscapes of their palaces are more fascinating than any merchandise exhibited at fairs.

Based on what I analyzed and studied, I can conclude that the circular effects of the CSR are similar to –and better than- the effects of a marketing action. So I decided to expose those case in a master degree in marketing, because I believe deeply that “*Acting in such a way that you treat humanity, never merely as a means to an end, but always at the same time as an end*”⁹⁹ is the best marketing strategy ever.

⁹⁹ Immanuel Kant

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List of abbreviations

3BL - Triple Bottom Line

CSP - Corporate Social Performance

CSR - Corporate Social Responsibility

CSV - Creating Shared Value

ISCT - Integrative Social Contract Theory

SEAAR - Social and Ethical Accounting, Auditing and Reporting

Vinicio Di Iorio

**CREATING SHARED VALUE
THROUGH RECALLING CULTURAL HERITAGE:
TWO STUDIES ON HANDICRAFT ACADEMIES
OF FASHION AND FOOD**

Summary

Introduction

Rome, May 23rd, 2017

In *viale Pola*, headquarter of my University, there is an important conference titled “*Appuntamenti con l’ingegno*”. It will be the first of a series; The topic of this first meeting is "Italian Fashion: Creativity, Trademark Protection and Governance Models".

The first speech is from Emma Marcegaglia, President of Eni, who talks about the value of the brand “made in Italy”, which is up to 20% over the last year and equivalent to about \$ 200 billion. The companies that have secured this success, derive from the right mix of tradition and innovation. This is what distinguishes Italian brands around the world: being the result of great skill in craftsmanship and the obsessive research for quality.

Subsequently, it is the turn of the Minister for Economic Development, Mr. Carlo Calenda¹⁰⁰:

"[...] There are some chapters that need to be developed yet.

First. To strengthen tremendously the ability to generate talents ... to lead them. There are many initiatives today. The link between these initiatives needs to be further improved [...]. There are so many beautiful initiatives, including tutoring by major brands; There are so many companies that are doing it; we have to give it a linkage at country level.

Second. Sustainability. We can only win a game on a quality concept that goes beyond the idea of quality products; Product quality is not enough; also product traceability, product sustainability and the cultural environment in which it is born are relevant. That's exactly why our products are recognizable all over the world. Because there is a sense of unity in culture and tradition, in the fashion industry, as well as in another sector, such as the food-farming,

It is difficult to produce; and if we have to map all the sustainability chains it becomes even more complex. But this is an investment, not a cost! In the long run, but also in the medium term, it repays. Because

¹⁰⁰ The translation is made by Vinicio Di Iorio

consumers have this attention, and they will have it more and more from now on. And they constitute new market niches, where we can be very strong.

This is our challenge. "

His speech pointed out exactly what my research is focused on: *generating “in house” talents and enhancing the territory where the firms are located for realizing a sustainable way to grow.*

The *School of Arts and Crafts* in Solomeo, and the *Niko Romito Formazione* School in Castel di Sangro are two illustrious examples. The first one is about the high fashion market, founded by the famous “cachemire king” Brunello Cucinelli; The second in the world of cuisine, in the wake of the famous restaurant Reale (3*** Michelin) of the chef Niko Romito, the one and only chef with 3 stars who founded an academy.

Fashion and Food are two strategic assets for the “Made in Italy”. These two realities share a common sense of *responsibility*: both have implanted their schools (and their business centers) in the country of origin.

Those two realities, of Solomeo (Perugia) and Rivisondoli / Castel di Sangro (L'Aquila), are as small, as unknown... But thanks to the amazing cashmere jumpers of Cucinelli and the delicious cuisine of the Reale***, spotlights are switched on them. So, their reputation has increased due to their complementary activities about youth training. We may regard them as guardians of the local and national cultural heritage.

Their activity has also triggered a considerable induction for the local community and the surrounding territory: from renovation to restoration, from student accommodation to ties with local suppliers, from press attention to academic research.

All of these circumstances clearly recall the most traditional ways of implementing the theory of *creating shared value* (which evolves from the concept of *corporate social responsibility*).

But if we investigate more deeply, we can see how all this media resonance is very similar to the one which arises from a sophisticated and *ethical marketing campaign*. And yet, by visiting those places, listening to those boys who are studying there, I noticed a fundamental thing that unites them: *authenticity*. Will it be true that a gesture is worth more than a thousand words?

So, in the first chapter it will be analyzed the world of CSR, its evolution and the most famous implementation cases. Despite this large number of situations exposed along the pages, at the end of the literary review on CSR it will be exposed our proposal to enhance the implementation of CSR (and its evolution called CSV), enriching case studies, and finding a better way to create the largest value for the society through the companies. Those companies are the provincial realities; anyway they have chosen to bet on the elevation of ancient crafts that belongs to the national heritage –such as the chef and the taylor- for developing “in house” ideas and talents, and to focus on a sustainable development that could include the surrounding territory and the society.

The proposal of this research consists in enhancing the cultural heritage as the main tool for creating shared value. I spent whole days visiting those places, talking with apprentices to discover their motivations and insights.

Those guys have perceived the potential of the craftsmanship, recalling our illustrious heritage of highly-oriented quality products; products that are appreciated and demanded all over the world. Actually, the entrepreneur Brunello Cucinelli usually wishes craftsman a salary equal to that of an engineer... and if we consider the revenues of high-end luxury market, that wish is not so imaginative; the same is for chef of the high-cuisine.

Moreover, those two realities have a strong linkage with the local territory, both because the native lands are sources of inspiration and fertile land where to sow:

On one hand, the uncontaminated nature and the calm of the villages generate a relaxed and juicy atmosphere, that favors the stimulation of the creativity and the enhancement of the concentration (those two are the main ingredients of an excellent product). But it is only one side of the coin.

On the other hand, those territories are still alive thanks to the young apprentices and the employees of these companies that established there.

Therefore, these are two precious strategies of implementing CSR. In short, this is what creating shared value means.

1- Literary review on CSR and research question

The concept of corporate social responsibility (CSR) has a long and various history and shades of meanings. The earliest proofs of what we now call corporate social responsibility were written straddling the end of 30s and the dawn of 40s of the past century. Chester Bernard's (1938) *The Function of the Executives*, J. M. Clark's (1939) *Social Control of Business*, and Theodore Krepes' (1940) *Measurement of the Social Performance of the Business*, were the main references at that time, which introduced the word 'Social' combined with 'Business'. The *Fortune* magazine's survey scrutinized opinions of a pool of businessmen, and as result, 93.5% of this sample agreed with the statements that "businessmen were responsible for the consequences of their actions in a sphere somewhat wider than that covered by their own profit-and-loss statements"¹⁰¹.

This specific figure was resumed by Howard R. Bower, in his *Social Responsibility of the Businessman* (1953) that raised one important question: "What responsibilities to society may a businessman reasonably be expected to assume?". Bower's works appear as a milestone along the path of CSR, and he looks like the "Father of Corporate Social Responsibility".

Nebulous and vague are the two adjectives mostly used to define CSR up to the 60s.

Keith David (1960)¹⁰² and his "Iron Law of Responsibility" states that "social responsibility of businessmen need to be commensurate with their social power" and "then the avoidance of social responsibility leads to gradual erosion of the social power". This implication can be overflowing the typical boards of a business, overcome the economical and legal fields. To take this step was Joseph W. McGuire in the dawn of 1960.

¹⁰¹ Bower, H. R. (1953). *Social Responsibilities of the Businessman*. New York: Harper & Row, 44.

¹⁰² Davis, K. (1960, Spring). Can Business Affords to Ignore Social Responsibility? *California Management Review*, 2, 70-76.

His book *Business and Society* (1963) stated “the idea of social responsibilities supposes that the corporation has not only economic and legal obligation but also certain responsibilities to society which extending beyond economic and legal obligation”.

Between 1960s and 1970s, an important social renovation happened: from a specific interest status, social movement with respect to the environment, worker safety, consumers and employees were subjected to government regulation. These characters were considered into the new CSR standpoint, as depicted in Harold Johnson’s (1971) *Business in Contemporary Society: Framework and Issues*: “A social responsible firm in one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also considers employees, suppliers, dealers, local communities and the nation”¹⁰³. A pioneering contribution came from the Committee for Economic Development (CED) articulating three concentric circles definition of social responsibility: *inner circle*, *intermediate circle*, and *outer circle*. In *The Social Responsibility of Business Is to Increase Its Profits* (1970) Friedman criticized the social responsibility of business, which are –for him- “notable for their analytical looseness and lack of rigor”¹⁰⁴. His arguing is because “in a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business [...] and the manager is the agent of the individuals who own the company”. Into the sunset of the 70s, the basis of the conceptual model of CSP as we know today were laid by Archie B. Carroll in 1979¹⁰⁵. He proposed a four-part scheme of CSR which, step by step, goes to fulfillment of corporate social performance.

In 1980, Thomas M. Jones in an excerpt of his *Corporate Social Responsibility Revisited, Redefined* denounced two critical facets of CSR: “First, the obligation must be voluntary adopted; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty influenced shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities”¹⁰⁶. First examples of empirical evidences started in these years, as is demonstrated in the work of Philip Cochran and Robert Wood (1984)¹⁰⁷ which reports the analysis of a relation between financial performances and CSR.

Fresh ideas boomed from the traditional CSR; CSP, stakeholder theory, business ethics theory, and corporate citizenship were the main topics that developed in the 1990s. Carroll (1991)¹⁰⁸ improved his fourth part definition, changing “discretionary” dimension with “philanthropic” dimension, and suggested that it meet

¹⁰³ Johnson, H. L. (1971). *Business in Contemporary Society: Framework and Issues*. Belmont, CA: Wadsworth.

¹⁰⁴ Friedman, M. (1970). *The Social Responsibility of Business Is to Increase Its Profits*. *New York Times Magazine*, September 13. p.211

¹⁰⁵ Carroll, A. B. (1979). *A Three-Dimensional Conceptual Model of Corporate Social Performance*. *Academy of Management Review*, 4, 495-505.

¹⁰⁶ Jones, T. M. (1980). *Corporate Social Responsibility Revisited, Redefined*. *California Management Review*, 59-65.

¹⁰⁷ Cochran, P. L. and Wood, R. A. (1984). *Corporate Social Responsibility and Financial Performance*. *Academy of Management Journal*, 42-54.

¹⁰⁸ Carroll, A. B. (1991, July/August). *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*. *Business Horizons*, 34, 39-48.

the “corporate citizenship”. Furthermore, he stated that “these four categories or components of CSR, might be depicted as a pyramid”. The pyramid of CSR depicted the economic category as the foundation upon which all others rest and the upward build through legal, ethical, and philanthropic categories:

- *Economic responsibilities*
- *Legal responsibilities*
- *Ethical responsibilities*
- *Philanthropic responsibilities*

But until the end of the the 90s, a second and more important version of a previous document was published. It is the corporate code of conduct titled *The Global Sullivan Principles*, in honor of the African-American preacher Rev. Leon Sullivan, promoting corporate social responsibility

We leave the 90s with *The Global Sullivan Principles*, but its echo is still ringing into the new Century. In fact, just in the year 2000 was developed and signed an important document from the United Nation, which was inspired by the previous we talked about. This new essay is the *United Nations Global Compact*¹⁰⁹, a United Nations initiatives to encourage businesses worldwide to adopt sustainable socially responsible policies, and to report on their implementation. An interesting alternative and quite provocative solution was proposed by Prahalad, referring to the bottom of the economic pyramid¹¹⁰: a nice illustration of that approach is given by Nestlé: its approach to working with small farmers in India exemplifies the symbolic relationship between social progress and competitive advantage. Likewise, is mentioned the example telecommunication company investing a small cellular telephone system with lower costs but with less service too, adapted to the base of the economic pyramid. Prahalad and Hammond, together with Rangaswami (2009)¹¹¹ continued to animate the debate, persisting on the way of innovation, as a key role for pursuing sustainability. In their work titled *Why Sustainability Is Now the Key Driven of Innovation*, they ended the paper with the equation “sustainability = innovation”.

1.1- *Creating shared value*

At the end of this argumentation on CSR, it remains to be introduced what is presented as its successor; creating shared value (CSV) is a business concept introduced for the first-time by Michael P. Porter and Mark R. Kramer (2006)¹¹². The authors were convinced that CSR was not still capable enough to express the strength of interdependence between company and society.

¹⁰⁹https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf

¹¹⁰ Prahalad, C. K. (2002). Strategy for the Bottom of the Economic Pyramid. India as a Source of Innovation. Reflections, The SOL Journal 3(4), 6-18.

¹¹¹ Nidumolu, R., Prahalad, C. K. and Rangaswami, M. R. (2009). Why Sustainability Is Now the Key Driven of Innovation. Harvard Business Review.

¹¹² Porter, M. P. and Kramer, M. R. (2006). Strategy and Society. The Link Between Competitive Advantage and Corporate Social Responsibility. Harvard Business Review.

1.2- Research question

After this *excursus* on the literature, we figure out a main issue that triggered my curiosity and gave birth to my research.

Cases involving the literature on the implementation of CSR and CSV are proliferating in colossal and striking examples, almost always implanted in very disadvantaged situations by the hands of large multinationals. From the mere donations (as the case of B Lab) to a full support in the entire microeconomic ecosystem (like the example in Moga, India), education is underestimated. Not only in the world of academic research, but also in the dexterity reality, education can make the difference between a high quality object and a mediocre one. Moreover, investing in education means to bet on the young, on the next generation, on the future.

The aim of this experimental research is to investigate about the education initiatives dealing with handicrafts (like tailors and chefs) for developing "in house" talent, reducing unemployment, helping territorial enhancing and recalling local and national heritage. Doing so, they help and improve each other, realizing an authentic implementation of CSR (and CSV more and more); this is the "win-win" strategy. And, in conclusion, they generate a genuine public resonance that can produce effects assimilated to a marketing action.

2- Visit to Solomeo

My studies on the figure of this enlightened entrepreneur have naturally generated the curiosity of knowing him in person. And if this was not possible, I would like to have permission to visit Solomeo and to meet the students of the School of Arts and Crafts, on which my thesis is based. But how can I do it?

As a first, I contacted –thanks to my University- the communication manager of *Brunello Cucinelli Spa*, Laura Castignani, and I explain to her the reasons for my research. She tried to help me as much as possible, by sending to me a precious volume titled *Solomeo*¹¹³ (from which I have taken many insights into this chapter) and the *Lectio Doctoralis* of graduation “ad honorem” in Philosophy of Brunello Cucinelli.

Then, she kindly suggested me I should address Giuseppe Moscati, manager of the *Aurelian library* of *Neo-humanistic Academy* for the *Fondazione Brunello e Federica Cucinelli*.

On the phone, Giuseppe Moscati, was immediately available for a meeting, and we set an appointment on March 13rd, 2017.

I arrived at Solomeo at 10:45 A.M. together with my parents (I wanted to show them what I was fascinated by and what was the topic of my research). I called him to confirm my presence.

¹¹³ Cucinelli, B. (2015). “Solomeo. Un’impresa umanistica nel mondo dell’industria”. QUATTROEMME, Perugia.

Giuseppe Moscati, like an exquisite host is used in being, came to welcome us in the parking lot, located in the lower part immediately outside the village. Some volumes were stretched under his arm, and I'm surprised when he told me "Hold! We are happy to give you a little present". He extended to me a book wrapped by a cloth ribbon: it's Epicure's masterpiece "*Letters on Happiness*". A gift that I appreciated very much, which I have read with pleasure and which I guard jealously.

Solomeo stands out against a hill of olive groves in all its splendor of medieval hamlet in red bricks, on the skyline, two tower stranded: the first one belongs to the castle, the second one with the bell is of the church. The blue sky and the shining sun make it a worthy frame. Our guided tour started.

The narrow streets of the village can only be walked on foot. What was immediately in sight was order and cleanliness. The jars full of colorful flowers and lanterns to light the night. Bright and luscious Jasmine covered the walls, and its fragrance was spreading out the entire hamlet. Rosemary bushes make a hedge in the green gardens. We reached "*Piazza della Pace*"¹¹⁴, which is the heart of Solomeo, an open window on the green of a breathtaking panorama. At the foot of the village opened a long expense: the ambitious "*Project for Beauty*" appeared in front of us. This is a project for landscape upgrading, structured in three major theme parks:

- *Industry Park*: Long ago cumbersome industrial factories arose; now agricultural fields, pines and holm oaks are spread.
- *Park of the Oratory of Laity*: a modern green plant, with a pretty barrier-free stadium standing in the center, where the kids can play into the green.
- *Agrarian Park*: hectares of land for gardens and cultivated fields, fruit trees and sunflowers.

Behind there is the castle, offices and a flagship store. In an adjacent structure, we finally find the courses of *Cutting* and *Tailoring*, *Sewing* and *Mending*.

Our first encounter was with the students of the *Cutting*. They were housed on the ground floor of an adjacent castle building. Giuseppe Moscati introduced me to them, and explained the reason of my visit: "I am a student who is collecting elements for my master thesis". The apprentices were four, including a boy and three girls. They greeted me with a smile and showed some pieces of paper that represent the pattern of a women's shirt. The teacher then explained with extreme clarity and professionalism that the pieces of the paper model will be placed on the fabric with pins, leaving a small margin for seams. During the training period (which last one academic year), the students will complete only four models; one of the four will be held, so next formers will use it like a model. The other three pieces will be donated to charity.

The guys were also enthusiast to explain to us that you have to pay attention in such a way that the cloth pieces are re-joined: the aim consists in reproducing accurately fabric fantasies when pieces were putting together.

¹¹⁴ "Peace Square", its name has a precise reason: it is in honor of the famous philosopher Aldo Capitini (Perugia 1899 - Perugia 1968) deeply involved in "non-violence" movement.

I asked more questions to the teacher, who responded with great availability and then invited us to take a look upstairs (*Tailoring*) where we could see the group of four girls making the seams and assembling pieces realized downstairs. Unlike the bottom floor, where there was a cutting table, rows and precision scissors, upstairs we found high-tech sewing machines for sewing and finishing work.

When we entered the room beside, we found two masters, one *Sewing* and one *Mending*, working side by side. Still four girls sitting around a table with large lamps to retrieve small blemishes that might result in knit weaving. But *Mending* work was finished, no trace will be there anymore. While another master taught us how, once the individual pieces arrived and knitting of cashmere was prepared, they were assembled with the help of sophisticated machinery and -above all- thanks to a great sight! At the end, there is the possibility to embroidery the garment: it depends on the situations.

In another adjacent small house to the one just visited, we found the home of *Men's Tailoring*. This room was the biggest and the brightest, with such wide windows. The group of students is the largest, from a minimum of six to a maximum of eight. There are three teachers: one woman and two men, and everyone was clutching a man's jacket. The most expert master, a very distinguished person, explained in theory how to make a man's jacket, and showed us all the single pieces of fabric it was made up of. And then he showed us the finished job on a dummy, which will only need ironing and wrapping from now on. Everyone is working with needle and thread. I caught the opportunity to ask questions to the apprentices and to exchange impressions. The students told me that most of them were graduates, and once they had known this School project, they quitted the idea to apply to University and followed this way. But this is the testimony of whom passed the selection and accessed to the training course. The course of male's tailoring is the longest one and even the most complex of the school. While we kept in touch, they confessed to me their awareness that they will never stand this profession during all their life. At last, they told me about their personal ambitions and aspirations for the future: being hired from the Brunello Cucinelli company could be a great chance, but it is too early to exclude running some own *atelier*.

When we came out, we met the *Wall Art* school boys, that -with the necessary tools- headed for the restoration of some small wall, building or narrow street, so that the whole village could keep a refined appearance.

The same for the guys of the *Horticulture* and *Gardening* course, who are entrusted with the task of keeping alive the gardens and looking after to the green and every little flowerbed. And for this reason we saw them constantly traveling in the green spaces around the village.

We went on to the Brunello Cucinelli's *Theater*. The building was realized *ex novo*, respecting the architecture of the place, and with suitable materials. An imposing beam embellished the complex, and an exhibition of wax masks (dated at the time of the first show, in 2008) was a tribute to the prestige of the Greek theater. At the entrance of the theater, the posters of all the performances hosted there are displayed in a great manner: works and companies made by artists of huge fame are highlighted.

Facing the theatre, we find the *amphitheater*, also made according to precise directions of Brunello Cucinelli, and placed in a position to allow a panoramic view and an ideal acoustics. Because Art and Culture came under the concept of beauty so, emphasizing them will predispose to wellness.

Behind the theater there is the “*Garden of philosophers*”, where you can walk, read, or just stand immersed in the greenery and the scent of lemon plants, in a peace that favors reflection.

Finally the castle. The headquarter is there, together with offices, the flagship store and the *Aurelian library*, where books of all kinds are found and in every language, so that every guest of Solomeo, from Italy or all over the world, can enjoy it according to literary tastes and idiom. At the center of the room, a piano, to cheer on conviviality evenings.

3- Visit to Casadonna

It was 10:30 A.M., I'm out of the Casadonna gate together with my mother and my brother (again, I want to share this experience with them; it seems to me a simple way to repay their constant support).

I ring the bell and wait in front of the big fence surrounding the farm. Piergiorgio Valentini, is welcoming us like an exquisite exquisite hosts, and guided us for a very interesting guided tour.

We started from the vineyards of *Pecorino*¹¹⁵, native vine, recovered and re-planted in the mountain area (860m. above the sea level) on the right of the Casadonna structure. The name “Casadonna” comes from the previous monastery of nuns who was located there.

In the area in front of the building's entrance and on the left of it, a lush green meadow extends. In the middle of the garden, a centuries-old Beech stand like a tower. Under its shade, “*Pane*” and “*Olio*”¹¹⁶, two *Abruzzese Shepherd dogs*, are breathing relaxed showing their tongue. They are the real hosts!

Beyond the tree, Casadonna's vegetable garden, where experts agronomists and horticulturists cultivate vegetable production.

Keep going on in our tour, we entered into the closest building: it is where the school is located. At the ground floor classroom, students are attending a lesson about coffee (the professor was from *University of Coffee*, by Illy in Trieste). A teacher explains about all the secrets of coffee -from harvesting to tasting- to a class of a dozen students. Each of them has a different provenience and schooling background. In fact it is allowed to apply for *Niko Romito Formazione* school after obtaining the high-school diploma. It is not required a hotel management school license. Among the students there are also graduated ones, who have chosen to invest in this field. The subjects which apprentices study are *Ethnobotanical*, *Chemical* ... but also *History of Gastronomy* and *Work Safety*.

The training course lasts ten months, with two annual departures; The first in the spring, the second in the fall. Each course is divided into two parts; the first one is mainly theoretical, both in classroom lessons and

¹¹⁵ *Pecorino* is type of white vine from Abruzzo.

¹¹⁶ “*Pane*” and “*Olio*” are also the most traditional and diffused ingredients in the Italian cuisine: the “bread” and the “olive oil”.

laboratory hours. In the first thirty days, only theoretical lessons are held in the classroom. At the end there, there will be the only written test. After that, they begin the lessons in the laboratory, where students will be confident with pots and ovens. After another thirty days of practical lessons, students will face a second test. This time, the test will be practical. And it will consist in the preparation of a main basic dish¹¹⁷. All the required ingredients to prepare the dish will be provided... and some unnecessary or wrong ingredients too (to try to put students in difficulty). Then, after the last thirty days of other practical lessons, the final exam is the last stage. This will consist in the famous “*mystery box*”. Within two hours, the apprentices will have to prepare a dish with the ingredients found in the box according to the theme indicated by the chef Niko Romito. And then, they have to prepare one portion for each member of the commission. Obviously, everything will be evaluated: taste, creativity, service, and “*impiattamento*”¹¹⁸.

At the end of these months, they spend a whole week in “*Spazio*” restaurant in Rivisondoli. There they will prepare and serve dishes they have made, and get in touch for the first time with real customers. That experience will serve to empower them, and appreciate the importance of criticism for professional growth¹¹⁹.

In fact, the name “*Spazio*”¹²⁰ comes from the intention of the chef Niko Romito to “giving space to the young”. It is an important learning accelerator. Throughout the course, students are followed by both chefs and university teachers. Students are monitored all the time to decide for the better solution for each of them. There are two destinations: “*Spazio*” restaurant in Rome and in Milan (these two are the bigger projections of “*Spazio*” restaurant in Rivisondoli).

After explaining the organization of the school, Piergiorgio Valentini shows us the wall with the class schedule, administrative offices and secretary students. Like a normal University.

Then we are led to the first floor, where there are laboratories. There apprentices can practice under the teachers control. We met one of the staff, chef Alessandro De Stefanis.

He kindly answered our questions. He explains that his role consists in explaining to the students the techniques of cooking, the association of foods, the service rules. Additionally, it also follow the guys’ attitude carefully to evaluate their predispositions, their character, their ability to manage stressful situations and the capacity of focusing on their job in crowded and noisy spaces like restaurant kitchens are. He then, concludes his speech by responding with great clarity to my question about the “food cost”¹²¹.

About lodging, Piergiorgio Valentini informs us that all the students reside in Castel di Sangro, renting private apartments and reaching the school - which is out in the countryside - with their own transportation. During winter time, when the snow could be a serious hindrance to reach the school, organized transportation is provided by the school.

¹¹⁷ In Italy we used to call it “*primo piatto*”, like “pasta”, that abroad may considered as the “main dish”.

¹¹⁸ It consists in harmony between shape and the size of the plate and the kind of dish which it contains.

¹¹⁹ The famous managerial philosophy “learning by doing”.

¹²⁰ It means “space”. In that case it could be interpreted both in a physical and metaphorical sense.

¹²¹ “Food Cost” is an analytical procedure, that was born in the US, used to determine the price of a dish, especially in the high-cuisine.

Then he shows us the bakery and pastry department, which represents a separate specialization, and that will be a matter of examination only for those who will want to choose this particular sector.

It also illustrates to us that suppliers are local as much as possible. And when it is not possible to be served by the local one for license reason, they address others, but the imperative in the following: safe traceability of raw material.

Our visit continues to the kitchen of the restaurant *Reale*, which resides right in the old convent structure. There, a world opens up: pantry, refrigerator, are all things that we meet while we are going to the huge kitchen of *Reale* restaurant. Work tables, stoves and ovens, machinery and utensils of all kinds. All in steel and strictly clean and tidy. At a first sight, it looks like an enormous operating room. In a corner, there is the chef's desk, where he manages the entire brigade, like a director of an orchestra.

The kitchen is divided into three sectors: starters and second courses, main courses and sweets; respectively entrusted to three different groups of boys. All these three groups are coordinated by two chefs that collaborate side by side with chef Niko Romito. We exit the kitchen (following the path that a dish does) we descend to the basement, where we find a small room with brick walls and barrel ceiling, with a double glass wall from which you can see the cellar. A box of bottles with prestigious labels arranged with order and care. We go back to the ground floor and enter the adjoining rooms, located in post-construction compared to the original body. Here we find a huge and elegant dining room, with a floor of stone slabs. Only six tables are arranged for only few guests. At the bottom of the room, an all-glass wall faces the garden, and allows the sun to light up all the room.

Next to it there is the "winter garden", with citrus plants, mossy wall, and climbing plants: a suggestive location for a buffet and ceremonies.

Upstairs the "fireplace room" with a large fireplace and stone floor, followed by the breakfast room with citrus plants and small wooden tables. Even there, the bottom wall is entirely made by glass and overlooks the garden. Still, on the first floor there are few bedrooms of the *Casadonna boutique hotel*, located between the central complex and the left side. There are seven rooms. And each one has its own charm. They look spacious and bright, with simple but valuable furnishings. Each has a large bathroom with tub, double shower, sauna and Turkish bath. In one of these, in the middle of the bedroom, stands a large circular bath with hydro massage. Decor is basic but refined, which recalls in some details the "shabby chic" style, and is composed of a variety of materials, such as stone, wood and iron, but so well mixed in harmony for a final suggestive effect. The entrance of the ancient complex is located at the back; an old wooden door stands in the middle of the original façade.

In front of it, there is a cobblestone square and a small stone well.

That was the *Casadonna* convent, so called because it hosted religious people. In it is located the entrance of the hotel and on the floor below, the restaurant *Reale* (***Michelin).

Our visit ends here. Piergiorgio Valentini accompanies us back to the parking. With great cordiality greets us with an "*Arrivederci ...*".

4- Empirical evidences and conclusion

That is what we call “circular economy”. In fact, the characteristic of CSR is that it generates a return of investment in a wider sense, because it involves not only traditional audience (stakeholders) but also the surrounding actors, like local community –from young people unemployed to institutions like Region and Universities, from farmers to territorial suppliers. The boost from the surrounding actors realizes a boost which comes back to the starting point (the company) realizing a “circular effects”, also “*in terms of visibility*”. It is *win-win*. It is the circle that closes.

Starting their respective training schools, Solomeo's *School of Arts and Crafts* and *Niko Romito Formazione* have opened doors to those who will be tomorrow's adults. Providing their professional training has credited the role of an artisan, making the boys the true custodians of Italian artistic and cultural heritage.

Secondly, they offered a round and heterogeneous training to these young people, alongside topics such as art, history, business management and cost analysis, in order to train people who could sow something “their” in the future (be their or other’s business activities, or even pure and simple craftsmanship).

Third, they have done all this in fantastic, fairy-tale places; have brought the boys to the attention to nature, to the beautiful, to the “slow” and to the genuine.

Therefore, in the face of all these initiatives, it seems almost reductive or embarrassing to talk about simple marketing. Here we are in front of a refined persuasion strategy that has as its primary means *authenticity*. This is how competition invitations to enter the schools concerns become effects of an institutional publicity. So that the breathtaking landscapes of their palaces are more fascinating than any merchandise exhibited at fairs.

Based on what I analyzed and studied, I can conclude that the circular effects of the CSR are similar to –and better than- the effects of a marketing action. So I decided to expose those case in a master degree in marketing, because I believe deeply that “*Acting in such a way that you treat humanity, never merely as a means to an end, but always at the same time as an end*”¹²² is the best marketing strategy ever.

¹²² Immanuel Kant

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