



Integrating Social Responsibility Practices into Corporate Strategy

Growing with the community: the case of Delta Cafés

MSc. Candidate: Ana Raquel Cortez Miranda (152109344)

Academic Advisor: Susana Frazão Pinheiro

**A dissertation submitted in partial fulfillment of the requirements for the degree of MSc in
Business Administration, at Universidade Católica Portuguesa
February 2012**

*"Only if business learns that to do well it has to do good can we hope to tackle the major social challenges facing developed societies today."
Peter Drucker, 1984*

ABSTRACT

*Integrating Social Responsibility Practices into Corporate Strategy
Growing with the community: the case of Delta Cafés*

The main aim of this dissertation is to study how Corporate Social Responsibility (CSR) is integrated in companies, with special focus on the interaction between the corporation itself and the local community. The problem statement relies on understanding how does this may create a win-win situation in the long-term. In order to comply with these objectives, a teaching case was built, based on Delta Cafés, a Portuguese company in the coffee industry, which has always been adopting these practices and has great impact in its local community.

The challenge faced translates how CSR, when strategically taken, can simultaneously create economic and social value. This approach may diminish the threat of an economic crisis in social responsibility practices. The dissertation concludes that Delta has been developing a win-win relationship with its community and is on the path to shared value creation.

The dissertation is structured in five main chapters: (1) Introduction, referring to aim, scope and methodology; (2) Literature Review, addressing the academic background for strategic CSR and corporate community involvement; (3) Case Study, presenting Delta's CSR practices; (4) Teaching Notes, including how theory can be applied in the case study and providing guidance questions for Professors; (5) Conclusions, Limitations and Future Research, discussing the relevance of taking a strategic and shared value approach to CSR.

Raquel Miranda

RESUMO

Integração de práticas de Responsabilidade Social na estratégia empresarial Crescendo com a Comunidade: o caso da Delta Cafés

O principal objetivo desta dissertação é estudar a forma como a Responsabilidade Social é integrada nas empresas, destacando especialmente a interação entre a empresa e a comunidade local. O problema a investigar reside em compreender como pode esta interação criar uma relação *win-win* no longo prazo. De forma a ir de encontro a estes objetivos, foi desenvolvido um estudo de caso sobre a Delta Cafés, que tem continuamente adotado estas práticas e tem um grande impacto na sua comunidade local, Campo Maior. O desafio aborda como as práticas de Responsabilidade Social, quando estratégicas, podem criar simultaneamente valor económico e social, de forma a diminuir a ameaça sobre as mesmas durante um cenário de crise económica. A dissertação conclui que a Delta tem desenvolvido uma relação de *win-win* com a comunidade e caminha no sentido da criação de valor partilhado.

A dissertação está estruturada em cinco capítulos: (1) Introdução, referindo o objetivo, âmbito e metodologia; (2) Estado da arte, abordando a literatura académica sobre Responsabilidade Social e o envolvimento da empresa com a comunidade; (3) Estudo de caso, apresentando as práticas de Responsabilidade Social da Delta; (4) *Teaching Notes*, incluindo a aplicação da teoria ao estudo de caso, servindo de orientação a Professores; (5) Conclusões, limitações e investigação futura, apresentando as vantagens para as empresas de uma abordagem estratégica e de valor partilhado em relação à Responsabilidade Social.

Raquel Miranda

TABLE OF CONTENTS

- ABSTRACT iii
- TABLE OF CONTENTS v
- LIST OF TABLES AND FIGURES vii
- LIST OF EXHIBITS viii
- PREFACE ix
- CHAPTER 1: INTRODUCTION 10
 - 1.1 Relevance and problem statement..... 10
 - 1.2 Aims, scope and methodology 10
- CHAPTER 2: LITERATURE REVIEW 12
 - 2.1 Defining Corporate Social Responsibility (CSR) 12
 - 2.1.1 CSR conceptualizations around business-community relations..... 13*
 - 2.2 Corporate motives for CSR..... 14
 - 2.2.1 Moral motives 14*
 - 2.2.2 Institutional motives..... 15*
 - 2.2.3 Instrumental motives and the business case 16*
 - 2.3 Addressing CSR strategically 17
 - 2.4 Beyond CSR: Creating Shared Value 19
 - 2.5 Business and the community - Corporate Community Involvement..... 20
 - 2.5.2 The last and coming trends in CCI 22*
 - 2.6 CSR in a time of crisis 25
 - 3.1 It smells like roasted coffee 27
 - 3.2 Delta Cafés, the Portuguese coffee company..... 28
 - 3.3 Campo Maior, the Loyal and Valorous Town 29
 - 3.4 Social Responsibility, a part of Delta's DNA..... 30
 - 3.4.1 When it all started 30*
 - 3.4.2 The first Portuguese company being certified with SA 8000 30*
 - 3.4.3 Sustainability Integration 31*

3.5 Embracing communities in the other side of the world	32
3.6 Delta Cafés' Community Involvement practices.....	34
3.6.1 Alice Nabeiro Educational Centre, teaching entrepreneurship to children	34
3.6.2 Employee Volunteering Tempo para Dar, expanding horizons.....	36
3.7 Not giving up from its roots, Delta grew with the community	37
3.9 Exhibits to the case study	38
CHAPTER 4: Teaching Notes	47
4.1 Case Synopsis	47
4.2 Learning objective, case target and suggested time and in-class approach	47
4.2.1 Additional Relevant Material.....	48
4.3. Teaching Questions and Case Discussion.....	49
Chapter 5: Conclusions, Limitations and Future Research	61
5.1 Conclusions	61
5.2 Limitations and Future Research	62
REFERENCE LIST.....	64

LIST OF TABLES AND FIGURES

Table 1 - Comparison of different forms of corporate community involvement.....	21
Table 2 - Shared value creation in the value chain.....	55
Table 3 - Delta's influence on the competitive context of Campo Maior.....	56
Table 4 - Coração Delta partnering with Delta and NGOs (advantages and disadvantages).....	57
Table 5 - Delta's CCI activities according to Austin's framework	58
Table 6 - Social and Corporate Benefits from ANEC and Employee Volunteering.....	59
Figure 1 - Pyramid of CSR.....	13
Figure 2 - Conceptual Framework based on literature review, chapter 2.2	49
Figure 3 - Responsive vs Strategic CSR	52
Figure 4 - Competitive context of a firm.....	52
Figure 5 - Corporate Social Responsibility vs Creating Shared Value	53
Figure 6 - How to integrate philanthropy and CSR strategically	54
Figure 7 - Porter's Value Chain	55
Figure 8 - How to create shared value.....	56

LIST OF EXHIBITS

Exhibit 1 - Novadelta's facilities, Campo Maior	38
Exhibit 2 - Nabeiro Group Organizational Structure	39
Exhibit 3 - Delta SGPS Organizational Structure	39
Exhibit 4 - Key financials for Delta, thousand euros and number of employees (2007-2010).....	40
Exhibit 5 - Delta bimonthly market share evolution per segment: total, off-trade and on-trade (2007-2010).....	40
Exhibit 6 - Delta Cafés' Portuguese Commercial Departments (2012).....	41
Exhibit 7 - Delta Cafés market geographic dispersion.....	41
Exhibit 8 - Statistical Data, Campo Maior	42
Exhibit 8(a) -Campo Maior population by gender and age - 2010.....	42
Exhibit 8(b) -Campo Maior crude educational attainment - 2009	42
Exhibit 8(c) -Campo Maior Student distribution per education level -2009.....	42
Exhibit 8(d) -Companies' Turnover (total, per capita) -2009.....	42
Exhibit 8(e) -Companies' Gross added value (total, per capita)-2009.....	42
Exhibit 8(f) -Health indicators-2009.....	42
Exhibit 9- Delta Timeline and Main Milestones, 1961 - 2010.....	43
Exhibit 10 - Sustainability Committee Organizational and Functional Structure.....	43
Exhibit 11- Stakeholder Communication Channels	44
Exhibit 12- A coffee for Timor campaign promoting brand recognition.....	44
Exhibit 13 - Delta Cafés Stakeholder Impact through its Value Chain.....	45
Exhibit 14- Social Activities promoted for Community Development by Associação Coração Delta in 2010.....	46

PREFACE

Addressing the way companies interact with the society and contribute to welfare creation was a research topic of my interest since the first time I have acknowledged the CSR concept. Hence, I kept asking myself: Why companies do so? Is it purely altruistic or do they expect some sort of benefit? How do they align social issues with current business practices?

After having identified a topic of interest I had to assure that this had academic and managerial relevance, and then I found three strong arguments. Firstly, CSR is being increasingly adopted. Secondly, there is little research focusing on CSR and community relations. Finally, the harmful social and economic conditions that Portugal is facing represent a challenge for companies with CSR practices, as more cost efficiency is being required at the same time that social issues are rising.

Consequently, I decided to embrace this topic and started a semester of research. I had the honour to study Delta Cafés, a company that has always integrated social responsibility values and constitutes a national example, especially when it comes to community relations.

Bearing in mind that the final result would not be possible without the help and support of several intervenors, I may now address my sincere gratitude to all the persons that made this achievable. Firstly, I would like to deeply thank my academic advisor, Professor Susana Frazão Pinheiro, for the availability and support addressed to the dissertation. Secondly, I would like to express my extreme personal gratitude to Delta Cafés for the accessibility, openness and sympathy throughout the research process. I would specially like to express deep appreciation to Mr. Miguel Ribeirinho, Mrs. Dionísia Gomes and Comendador Rui Nabeiro for the valuable information and learning opportunity. I would also like to thank Helena Gonçalves, for constant sympathy, support and for making the contact with Delta possible. Moreover, I would like to thank Professor Maria Partidário for her kindness and availability. Finally, I would like to thank Rui Santos, for being a caring source of trust and love, my family and friends, especially Raquel Cortez, João Cortez and Catarina Ferreira, for all the patience and for keeping me believing.

CHAPTER 1: INTRODUCTION

1.1 Relevance and problem statement

The main aim of this dissertation is to understand why and how Corporate Social Responsibility (CSR) is integrated in companies' strategy and how it may provide mutual economic and social benefits, with a special focus on local communities, in the long-term.

In a time when rebuilding trust in business is positioned as a first priority (European Commission, 2011), CSR is pointed as a way to reinforce legitimacy (Lin-Hi, 2010). However, some scholars argue that corporations are not supposed to take care of social issues, but only to maximize profits and serve their shareholders' interests (Friedman, 1970). Others see social issues as a source of business benefits (Carroll and Shabana, 2010) and sustain that corporations can value their resources through CSR (Branco and Rodrigues, 2006). More recently, Porter and Kramer (2002, 2006), who defended a strategic approach to philanthropy and CSR, reinforced their view through the concept of creating shared value (Porter and Kramer, 2011). A step forward is pointed out: businesses should align social issues with strategy and core competencies, allowing for a simultaneous creation of social and economic value (Porter and Kramer, 2011). With this idea being internationally defended as the new CSR standard (European Commission, 2011) and due to the harmful social and economic challenges that Portugal is facing, this study proves to be extremely relevant in a way to reflect how should business practices evolve in terms of CSR.

1.2 Aims, scope and methodology

In order to answer the problem statement, the following research questions will be addressed:

RQ1: *Why do companies engage in CSR?*

RQ2: *How have companies been integrating CSR into their strategy?*

RQ3: *How do companies manage their community involvement in order to create value for the company and for the community itself?*

To better answer these research questions, taking into account the ambiguity in CSR and little consistency on community involvement research (Bowen et al., 2010), the methodology adopted was a case-study approach, and the scope relies on one company only. A case study

based on qualitative methods allows addressing the *whys* and *hows* of a "contemporary phenomenon within a real life context" (Yin, 2009, p.2; Angus-Leppan, et al., 2010). Qualitative research includes "a descriptive, non-numeric way to collect and interpret information" (White, 2000, p.28). Regarding data collection methods, case studies include several practices such as documentation, archival records, direct observations and interviews (Yin, 2009). Interviews are considered an "essential source of case study evidence because most case studies are about human affairs or behavioural events" (Yin, 2009, p.108). For the purpose of this case study, focused one-to-one interviews¹ (Arksey and Knight, 1999) were made in order to understand the main decision makers' perceptions about CSR strategy and practices.

Hence, studying a company that has a long-term commitment with its community was considered an effective way to better understand what sustains the adoption of CSR and community involvement as central corporate practices. Moreover, and due to the fact that this study is done in a Portuguese university, it would be interesting to come up with a strong example in the national context. Regarding this, Delta Cafés was the company chosen for this study, since it practices social responsibility since the beginning², being the first Portuguese company certificated with SA8000, the social responsibility norm.

¹ The interviews were previously prepared, recorded and transcribed to assure accuracy to this study. They were taken in person in Campo Maior to Comendador Rui Nabeiro, Mr. Miguel Riberinho and Mrs. Dionísia Gomes.

² Delta was founded 50 years ago, at the same time that the modern era of CSR and stronger discussion about the subject appeared (Carroll, 1999).

CHAPTER 2: LITERATURE REVIEW

2.1 Defining Corporate Social Responsibility (CSR)

The concept of Corporate Social Responsibility (CSR) has been inciting a wide debate and there still is no clear consensus about what it really is (Devinney, 2009; Matten and Moon, 2008; Okoye, 2009), making it a complex topic to study. One can find multiple conceptualizations of CSR in a variety of sources, from academic papers to company reports, reflecting this ambiguity (Argandoña and von Weltzien Hoivik, 2009).

By far one of the most important conceptualizations of CSR has been that of Carroll (1979), who divides social responsibility into four categories: economic, legal, ethical and philanthropic³. He illustrated these categories as a pyramid (Carroll, 1991), in which the economic responsibilities of the firm lie at its base (Figure 1) and include the provision of goods and services in a profitable way. Secondly, the firm should comply with the terms of the law in force; thirdly, the firm should act ethically, pressured by social expectations for ethical norms to be contemplated in business (eg. in terms of fairness and justice). The less straightforward category—philanthropic—is at the top of the pyramid and is defined as actions that embrace societal desire for firms to be "good citizens". It includes voluntary activities taken by the firm that promote human welfare. Nevertheless, if the company does not comply with the fourth responsibility it is not going to be considered unethical, even though being philanthropic is desired by society (Carroll, 1979, 1991). Thus, "social responsibility encompasses the economic, legal, ethical and discretionary [philanthropic] expectations that society has of organizations at a given point in time" (Carroll, 1979, p.500).

Carroll's definition of CSR—by noticeably separating the philanthropic from the other corporate responsibilities—is a concise concept that clarifies the debate presented in this dissertation. Although the first article presenting Carroll's CSR conceptualization was issued around thirty years ago (Carroll, 1979), the author has been reinforcing his model (Carroll, 1991; Carroll and Shabana, 2010). Moreover, Carroll is considered one of the most

³ This category name changed from discretionary (Carroll, 1979) to philanthropic (Carroll, 1991) and keeps being stated as such.

prestigious scholars in CSR (Garriga and Melé, 2004) and his articles have been frequently cited (eg. Argandoña and von Weltzien Hoivik, 2009; Maas and Liket, 2011).

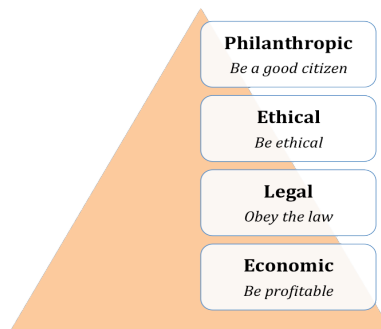


Figure 1 - Pyramid of CSR - Carroll (1991)

Meanwhile, several interpretations have been given or added to CSR and it seems to constitute a dynamic phenomenon (Carroll, 1991). Moreover, CSR is an "umbrella term" (Matten and Crane, 2005) by including other issues as the environmental responsibilities of the firm (European Commission, 2001) and bringing the concept of sustainable development within social, environmental and economic dimensions (Wheeler et al., 2003) to its spectrum. For the purpose of this research, the social component will be the main focus of analysis.

2.1.1 CSR conceptualizations around business-community relations

When it comes to business-community relations, there are two relevant underlying concepts of CSR: Corporate Philanthropy (CP) and Corporate Community Involvement (CCI)⁴, which constitute voluntary corporate activities (Maas and Liket, 2011; Matten and Crane, 2005). CP specifically refers to the way corporations address societal needs in the form of charitable donations and corporate giving (Maas and Liket, 2011). CCI is usually focused on a specific community and it broadens its spectrum by including, for example, employee volunteer activities (Brammer and Millington, 2003; Brønn and Vrioni, 2001). Both CP and CCI have been embracing a strategic focus (Hess et al., 2002; Porter and Kramer, 2002).

The main purpose for including this discussion is to try to clarify why all those concepts are mentioned throughout the literature review. It is not the aim of this research to offer a better conceptualization for business-community relations but, due to the literature's ambiguity, these concepts needed to be identified and explained for better understanding of the subsequent discussion.

⁴ Corporate citizenship (CC), which in its *limited view* (Matten and Crane, 2005) is based on the idea that business should "give back to society", can also be correlated with Corporate Philanthropy and CCI.

2.2 Corporate motives for CSR

In this section, the main aim is to understand why companies engage in CSR. Companies cannot ignore their social responsibilities since they have a social contract with society (Bonini et al., 2006) either because they have obligations with local communities regarding economic development and welfare - eg. guarantee employment - or either because business should foster human values - eg. morale, cooperation and motivation - Davis (1960).

However, CSR has been a controversial topic; Friedman (1970, p.6) presents one of the most opponent rigid positions by clearly stating that there is "only one social responsibility of business-to use its resources (...) to increase its profits" serving shareholders' interests. This view excludes Carroll's philanthropic dimension by arguing that if a firm gives money to charity, it takes it away either from clients, employees or shareholders (Friedman, 1970). Davis (1973)⁵ presents other arguments against CSR, such as the cost of social investment and the fact that business *per se* is specialized in economic rather than social skills. For the author, social responsibility may require an unsustainable degree of costs compromising efficiency and competitiveness in the marketplace. Furthermore, social concerns may make business lose its scope and divide leaders' interests. The following statement sums up the critics view: "(...) corporations exist to generate economic returns, not to solve societal problems. They live to optimize for themselves (...) not the general public." (Devinney, 2009, p.49) Despite all these criticisms, CSR practices are growing (Souto, 2009). Hence, there must be plausible reasons for companies to keep doing it, perhaps sustained by an opportunity for economic benefits.

2.2.1 Moral motives

Motivational drivers of CSR can be divided among moral, institutional and instrumental motives (Aguilera et al., 2007; Brønn and Vidaver-Cohen, 2009⁶). Moral motives are related to the altruistic incentive that businesses should "give back" to society. This motive type, when taken in isolation from the other two, does not seek corporate benefits *per se* (Branco

⁵ Although written in 1973, his arguments have continued to be restated by other scholars (Garriga and Melé, 2004; Carroll and Shabana, 2010).

⁶ In their work, Brønn and Vidaver-Cohen (2009) focus essentially on the motivational drivers for social initiatives (p. 92): "any program, practice or policy undertaken by a business firm to benefit society". As the main analysis focus of this dissertation is to study the way business may benefit the local community, the framework of Brønn and Vidaver-Cohen (2009) was considered. Moreover, the motivational drivers from Brønn and Vidaver-Cohen (2009) are similar and simpler presented than those from Aguilera et al. (2007), which broadens motivational drivers for CSR in general.

and Rodrigues, 2006; Brønn and Vidaver-Cohen, 2009). The moral motivations of the firm are consistent with what Lantos (2001) calls altruistic CSR⁷, which entails corporate intervention that promotes social and human welfare, without expecting any corporate gain, such as charitable donations. Additionally, moral drivers and CSR engagement depend on leadership's vision. In fact, the manager's personal values, altruistic attitude (Hemingway and Maclagan, 2004) and willingness to cooperate with stakeholders (Godos-Díez et al., 2011) positively influence a firm's CSR commitment.

2.2.2 Institutional motives

Institutional motives are linked to legitimacy theory (Branco and Rodrigues, 2006), which is driven by both stakeholder and institutional pressure, the main external drivers determining CSR (Lee, 2011).

Freeman (1984) in Brammer and Millington (2003, p.215) defines stakeholders as those "who can affect or be affected by the achievement of the firm objectives". Accordingly, stakeholders⁸ enlarge the sphere of social relations and influence groups, including others than shareholders (Lee, 2011). They can be divided in six large groups according to Spiller (2000): community, environment, employees, customers, suppliers and shareholders, without disregarding a broader level including public institutions and governments (Brønn and Vidaver-Cohen, 2009). As stakeholders constitute a source of social expectations that influence and evaluate corporate behaviour (Branco and Rodrigues, 2006), CSR can be an essential mechanism for managing their pressures (Brammer and Millington, 2003) and enhance the promotion of stakeholder dialogue (Campbell, 2007). Hence, stakeholders should be managed through a long-term CSR perspective focused on maximizing their positive effects and minimizing negative ones (Lantos, 2001, p. 600) since they strongly influence a company's license to operate (European Commission, 2001).

Institutions, which can be defined as (Matten and Moon, 2008, p.56) "not only the formal organization of government and corporations, but also norms, incentives and rules" contribute to a firm's engagement in CSR (Lee, 2011). In fact, the existence of different institutional frameworks in countries (Aguilera et al., 2007) is driven by historical, cultural and socio-

⁷ Lantos (2001, p.605) also distinguishes altruistic from ethical CSR being the latter "morally mandatory" and related to the responsibility to avoid and mitigate social harm.

⁸ Stakeholders are also regarded as a source of relational drivers for the organization to engage in CSR (Aguilera et al., 2007).

economic aspects overtime justify not only the regional differences regarding CSR practices, but also the lack of a global consensus (Argandoña and von Weltzien Hoivik, 2009). In fact, CSR is influenced by the presence of norms and external rules - eg. governmental or industry association - as well as by elements at the transnational level as the EU⁹ or the United Nations (Campbell, 2007; Aguilera et al., 2007). Moreover, CSR is positively influenced by the existence of a favourable economic environment (Campbell, 2007).

2.2.3 Instrumental motives and the business case

Instrumental motives, which are related with the business case of CSR, entail social activities with the expectation that they will provide corporate benefits and enhance profitability, even if in the long-run or indirectly correlated with financial performance - as the case of reputation (Brønn and Vidaver-Cohen, 2009; Carroll and Shabana, 2010). Despite philanthropic responsibilities being considered a source of expenses¹⁰, it seems, from previous studies, that firms that engage in CSR do not financially underperform those that do not: they either seem to perform as well or even better (Branco and Rodrigues, 2006; Vogel, 2005).

From the literature, it is possible to identify four main possible sources of profitable gain, constituting the instrumental motives for CSR¹¹. Firstly, CSR can be a source of cost and risk reduction, which can be achieved, for example, by implementing mechanisms that enhance eco-efficiency (Hart and Milstein, 2003) and by protecting shareholders from negative events (Godfrey et al., 2009). Taking a long-term strategy, eco-efficiency can also be enhanced through a clean technology approach by investing in disruptive changes that would use corporate competencies to diminish the corporate footprint (Hart and Milstein, 2003). Secondly, CSR can create growth path sustainable solutions (Hart and Milstein, 2003) to access developing countries unexplored markets, which may constitute a new source of efficiency, revenue growth or access to innovation (Prahalad and Hammond, 2002). Thirdly, CSR can enhance corporate reputation (Branco and Rodrigues, 2006) having favourable effect on brand value (Melo and Galan, 2011), consumer behaviour (Groza et al., 2011) and product

⁹ Since the last decade, the European Commission has been explicitly trying to create a common framework for CSR (European Commission, 2001). In 2011, the EU comes with a new definition of CSR as “the responsibility of enterprises for their impacts on society” and takes into account the importance of strategic integration, shared value creation and harm mitigation (European Commission, 2011, p. 6).

¹⁰ For Vogel (2005), in the *old-style corporate responsibility* the allocation of pre-tax profits on a social cause was the common practice embraced and perceived as rarely strategic in terms of enhancing shareholder value.

¹¹ The profitability sources identified rely mainly on Hart and Milstein (2003), Carroll and Shabana (2010) and Branco and Rodrigues (2006).

stewardship by enhancing stakeholder engagement (Hart and Milstein, 2003). Using CSR to reinforce reputation can be regarded as an external source of competitive advantage, by having a positive relationship purchasing behaviour and consequently profitability (Branco and Rodrigues, 2006). Fourthly, CSR can attract and retain talent (Bhattacharya et al., 2008) and may generate a competitive advantage by providing internal benefits for the firm through the development of new capabilities such as a skilled workforce, the enrichment of employee morale—all considered having impact on profitability (Branco and Rodrigues, 2006). Hence, CSR can be a source of competitive advantage in the sense that it can be a differentiating factor boosting a company's competitiveness (Carroll and Shabana, 2010).

Concluding, CSR may generate corporate benefits (instrumental motives) and legitimacy by acting accordingly to stakeholders' expectations and institutional pressures (institutional motives). Those motives, regarded as the strategic perspective of CSR, can coexist with the moral motivations and the sense "to do good" for society (Brønn and Vidaver-Cohen, 2009). In fact, the incentive with which a company engages in CSR depends on several factors, some of them coming from external pressures - stakeholder and institutional pressures - and others intrinsically dependent on each firm - leadership profile and internal values (Brønn and Vidaver-Cohen, 2009). Hence, *one size does not fit all*, but it is somewhat consensual (eg. Aguilera et al., 2007) that an alignment of social issues with corporate goals and core competencies would provide more efficiency in achieving both economic and social goals, which leads to the next section.

2.3 Addressing CSR strategically

Strategic CSR, which has been strongly debated since the 1990's (Lee, 2008), generally consists of a company's engagement in social responsibility when its managers believe that it is aligned with economic interests, even only in the long-term (Lantos, 2001). For Zadek (2004), strategic CSR is developed through organizational learning linked to core business activities. Strategic approach to CSR depends on a firm's intrinsic motivations, and when it becomes generally adopted, it tends to be normalized (Martin, 2002)

In order to define and study how firms incorporate CSR strategically, the frameworks developed by Porter and Kramer (2002, 2006) will be the main theories considered in this dissertation. Their basic proposition is that business and society are interdependent: business

needs an enabling social environment and society needs successful corporations to sustain wealth creation (Porter and Kramer, 2002). Hence, shared value, economic and social benefits addressed simultaneously should be created. In order to better comply with this purpose, corporations should not focus on the short-term benefits, but how to integrate social issues in order to create a long-term competitive advantage (Porter and Kramer, 2006).

Following this line of thought, the strategic CSR concept is defined as the way a corporation transforms its value chain and its philanthropic practices in order to sustain shared value creation. To do so, it should identify either inside-out practices in the value chain where addressing social issues become an economic opportunity, or outside-in social issues in the local community that may have a positive impact in a company's competitiveness (Porter and Kramer, 2006). Strategic CSR differentiates itself from Responsive CSR. Responsive CSR refers to those social activities that the company employs to mitigate harm and to be a "good citizen", addressing social needs without affecting corporate profitability. Porter and Kramer (2006) argue that a company should create a corporate social agenda including a social dimension to the value proposition in order to foster Strategic CSR. While the authors recognize that responsive CSR is important to minimize negative impacts, they also assert that the strategic approach is more effective and plausible in the long-run.

One of the least obvious activities to be strategically addressed is philanthropy, which is not integrated in the value-chain. Porter and Kramer (2002) consider that the key for success is to use the charitable efforts to improve competitive context, the "quality of business environment in the location or locations where they operate" (Porter and Kramer, 2002, p.58). In order to improve the competitive context, the firm should enhance factor conditions (eg. human resources), demand conditions (eg. size of local market), related and supporting industries (eg. cluster creation) and context of strategy and rivalry (eg. rules, incentives and norms that influence competition). Each company should individually analyze its competitive context and focus its philanthropy where social and economic value overlap (Porter and Kramer, 2002).

In conclusion, beneficial synergies may promote both business and societal development (including the surrounding community). CSR should not be focused on short-term defensive reactions or ways to promote reputation; it should be used to benefit the corporation in the long-run and to positively influence its competitive context.

2.4 Beyond CSR: Creating Shared Value

In the beginning of 2011, Porter and Kramer presented a concept that goes beyond CSR—Creating Shared Value (CSV), requiring companies to develop new skills and knowledge to understand social issues as strategic opportunities for firm competitiveness while "advancing economic social conditions in the communities in which it operates" (Porter and Kramer, 2011, p.66).

CSV differentiates from CSR as the last is typically driven by external pressures or personal preferences usually constituting a source of costs, which compromises social initiatives' sustainability as they are not explicitly integral to competing or to profit maximization. Shared value practices, on the contrary, should integrate all firm's activities to the way businesses compete in the marketplace, access new markets, create new products and re-design the value chain. It will depend on each firm's business context while simultaneously fostering economic opportunities and creating societal value. Furthermore, in order to foster shared value, companies should develop tailored metrics to evaluate social impact and the best sources for CSV (Porter and Kramer, 2011). In Porter and Kramer (2011, p.66), shared value is defined as: "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between social and economic progress."

The authors recognize three main sources of CSV being the first one *Reconceiving Products and Markets* by creating products and services to address specific social issues in a given point in time (eg. environmental impact, improve nutrition). Secondly, a company should *Redefine Productivity in the Value Chain*, as in this point the company and society unavoidably shape each other. In order to do so, the company should focus on:

- Energy use and logistics and resource use – Innovating the value chain to reduce energy and resource consumption through a mechanism capable of generating economic benefits.
- Procurement– Investing in small suppliers and buying locally allows for better access to inputs. By sharing technology and resources, quality and productivity in the supply chain may be improved while simultaneously skill development and life conditions for the local communities are promoted.

- Distribution – Creating new distribution models that would reduce environmental harm and sustain long-run economic benefits.
- Employee productivity – Promoting quality of life, training, access to health and education that would enhance employee productivity.
- Location – Establishing close partnerships with local communities in order to enhance competitiveness.

Finally, *Enabling Local Cluster Development* would create shared value by identifying gaps and promoting an enabling environment for supporting companies, infrastructure and institutional development (eg. trade organizations) that would drive productivity, innovation and competitiveness in the local community.

Although Porter and Kramer (2011) deliver the concept, the basic idea is not totally new in the CSR literature. Drucker (1984, p.62) already asserted, "the proper "social responsibility" of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit." Carroll and Shabana (2010) also include the perspective of synergistic value creation and win-win opportunities in creating solutions that generate value for corporations' stakeholders, while prompting them to proliferate their operations profitably. Finally, Porter and Kramer (2006) already asserted for shared value creation through their strategic CSR conceptualization. However, with Porter and Kramer (2011) the idea comes clearly defined being presented and distinguished as an alternative to rethink CSR practices.

2.5 Business and the community - Corporate Community Involvement

Corporate Community Involvement (CCI) can be regarded as the new corporate philanthropy with a strategic focus (Hess et al., 2002). CCI encompasses not only charitable donations, but also non-monetary or employee time transfers on the behalf of the community - the location where the company is headquartered or has running operations (Waddock and Boyle, 1995) - by contributing to non-profit or civic organizations (Brammer and Millington, 2003).

2.5.1 CCI activities and its evolution

Philanthropic activities and community involvement have generally been regarded as falling outside of the core activities, as a source of expenses and as usually "sub-contracted" to third

sector organizations (Tracey et al., 2005). Due to the amount of costs being dedicated to CCI a need for an instrumental perspective and corporate benefits that would justify such expenses emerged (van der Voort et al., 2009). From its design process, CCI activities tend to provide corporate benefits if linked to the overall mission of the firm (Hess et al., 2002) and if aligned with stakeholders' expectations (Brammer and Millington, 2003). Hence, similarly to CSR, CCI is being progressively strategic and connected with firm's core competencies (Hess et al., 2002). This evolutionary path of CCI (Austin, 2000 in Seitanidi and Ryan, 2007) includes three main stages: philanthropic, transactional and integrative (Table 1).

Table 1 - Comparison of different forms of corporate community involvement

Forms of CCI	Meaning	Austin's Stage
Charitable Donations	In cash or in kind support considered as “gift”.	Philanthropic Outside the course of business or trade
Benefaction	Driven by an individual motivation whose support serves the public good, without direct rewards.	
Patronage	Unlike a donation, an indirect reward is expected. Normally associated with Arts support, being status and cultural image common rewards. The object of promotion is absent.	
Commercial Sponsorship	Transfer of resources aiming to promote a business product or service aiming to obtain mainly tangible compensation rewards (eg. advertising space).	Transactional Integrated with commercial and marketing objectives
Socio-sponsorship	Allocation of resources from the profit to the NGO, intending to accomplish social responsibility practices and receiving in exchange mainly intangible compensation rewards (eg. image and reputation)	
Cause-Related Marketing	Specific amount of a marketing initiative of the company (eg. selling product) that is partially transferred for a social cause or NGO (Brønn and Vrioni, 2001).	
Partnership	Transfer of resources in order to collaboratively address a social issue	Integrative Realignment between business and NGOs expectations

Source: Adapted from Seitanidi and Ryan (2007)

The way a corporation will pursue activities of each evolutionary stage is dependent on how CCI is included in the governance structure. Tracey et al. (2005) distinguish between three main CCI governance forms. The first is charitable contributions, in which the company directly donates to a third sector organization that is responsible for allocating the resources, having corporations limited involvement on the social outcome. The second is an in-house project structure through which the firm establishes a specialized CSR department and develops its own social goals to allow for better strategic integration. This project structure leaves a greater amount of control over the delivery and expenditures of CSR activities to the corporation itself. Finally, the third is a collaborative form, whereby corporations and third

sector organizations develop common strategies to address social issues within a long-term commitment and sharing of responsibilities and resources. Brammer and Millington (2003) conclude for their study that companies with larger CCI investment tend to have CSR departments. Despite being more expensive, it allows for economies of scale, benefits of specialization and higher employee involvement in CCI. When the size of CCI is low, it is usually managed by the central administration within regular organizational structures.

Additionally, the corporate governance of the firm may also influence the contribution for local communities. For example, family businesses are predicted to have a stronger attachment to their communities because "the locale in which they operate is the same place that they call home" (Niehm et al., 2008, p.332). The authors also suggest that the larger the family firm, the bigger the contribution in terms of CCI and the more likely for it to create synergies with the community and enhance business performance¹².

2.5.2 The last and coming trends in CCI

More recently there are two trends in CCI: social partnerships and employee volunteering (EV). For Seitanidi and Ryan (2007, p.254) social partnerships are a commitment between a corporation and a public or third sector organisation that implies sharing of resources, including time and knowledge, between the partner organisations. Thus, social partnerships mainly aim to constitute an effective way for corporations to address social issues.

Despite being part of the most recent of the three evolutionary stages (Seitanidi and Ryan, 2007), social partnerships have advantages and drawbacks. For Berger et al. (2004), emerging problems include: misunderstandings over issues such as the objectives of the social alliance; misallocation of costs and benefits, which relates to the frequent perception of companies to be spending a lot of resources and the perception from NGOs that resources donated may not be enough; mismatches of power, whereby the company, which has more access to resources, imposes its own strategy on the social initiative. However, corporations may bring valuable resources and knowledge to social initiatives and contribute more efficiently than if the donations were made by individual donors (Porter and Kramer, 2002). In order to do so, corporations have to leverage their corporate skills when partnering with NGOs. For example,

¹² Yet, it is also important to point out that, especially for family businesses, the sense of giving back can be considered fruitful in terms of emotional capital as well as in financial capital (Niehm et al., 2008).

NGOs can benefit from the corporations' reputation, networks, access to communication channels and their expertise, which allows to signal other funders and to build more efficient organisational procedures. Conversely, with long-term commitments and social projects in different geographical areas, corporations can benefit from knowledge transference and social practices' improvement (Porter and Kramer, 2002).

Concluding, the survival and success of business-NGO partnerships depend upon the acceptance and recognition of the differences regarding business and social logic from both parties, the creation of mechanisms to build mutual trust and benefits creation and a balance in power dynamics (Seitanidi and Ryan, 2007). This can be achieved through several procedures as mission and management fit, in which partners define together the main objectives and resources to be shared and allocated to a social initiative (Berger et al., 2004).

Another CCI activity that is gaining interest is employee volunteering (Muthuri et al., 2009) which include corporate support for employees to volunteer their time and skills for a social cause (Pajo and Lee, 2011). Such initiatives are considered beneficial for corporations (Muthuri et al., 2009) in the sense that they allow for the renewal of social networks (enhancing stakeholder relations), trust (increasing legitimacy) and norms of cooperation (deepening the sense of shared vision between corporations and stakeholders). Additionally, EV can provide external benefits in terms of reputation and public image (Pajo and Lee, 2011), which also influence the commitment level of employees to social initiatives (de Gilder et al., 2005). In fact, the employees who connect to volunteer programs are more reliable, committed and enthusiastic. Those employees also acknowledge personal benefits from EV such as the sharing of knowledge, the development of new skills and a new perspective on their business and community issues (Muthuri et al., 2009). Such personal benefits have a positive impact on employee attitude, loyalty and commitment (Peterson, 2004), satisfaction and motivation (Pajo and Lee, 2011). Designing and recruiting employees for this type of initiative is a demanding process due to the variety of personal employee motivations¹³, ranging from pure altruism to status reward (Peterson, 2004). Concluding, EV may be a tool to maximize employee "motivating potential" (Pajo and Lee, 2001, p. 480) at

¹³ In fact, internal issues may emerge over EV, since not all employees may agree that money be spent in these initiatives and there can be situations in which the employee volunteers' absence leaves a bigger workload for their colleagues. Nonetheless, the study developed by de Gilder et al. (2005) indicates that employees generally have a positive attitude towards EV and are more motivated to engage in volunteering (even outside of the corporate programme) when those corporate initiatives are in place.

the same time that it goes for the fulfilment of corporate goals and strategic intentions regarding EV (de Gilder et al., 2005).

2.5.3 Strategic drivers and design process of social initiatives

In order to design a strategic CCI agenda a firm should take into account its resources and core competencies in order to enhance three main drivers (Hess et al., 2002): the *competitive advantage factor* - to consolidate reputation and consequent competitiveness through social initiatives; the *moral marketplace factor* - to comply with societal and stakeholders expectations to act morally, which can be reinforced by social reporting; and the *comparative advantage factor* - private firms are considered more effective, when compared to governments or NGOs, which could leverage social initiatives' impact in a specific community (Hess et al., 2002). In order to better incorporate philanthropy and community involvement initiatives strategically, Porter and Kramer (2002) suggest each company to analyse its competitive context and social agenda. Furthermore, social value creation could be enhanced by: rigorously selecting the best partner NGO and transferring knowledge between firm the NGO, which promotes social effectiveness.

Finally, when designing the corporate social agenda, clear objectives and means of measurement should be defined allowing for better efficiency in terms of implementation and effectiveness in results (Hess et al., 2002). However, measuring and quantifying the impact and social benefits involved has proven to be considerably complex (Maas and Liket, 2011), since they are related with the ambiguity to measure mutual value creation, which usually relies on measuring intangible benefits as employee morale (Wheeler et al., 2003). There is no consensus about the best approach for social impact reporting even though several methodologies have been recently developed and updated such as the Global Reporting Initiative (GRI), and the Social Return on Investment (SROI) (Maas and Liket, 2011).

Concluding, it is relevant to point out that in Portugal, community involvement investment achieved an amount of *circa* 76 million Euros in 2009, relying on a sample of 52 companies, being most of the resources directly allocated to social institutions, education and culture. Additionally, community involvement practices are gaining a strategic shift, with several companies already embracing employee volunteering (Sair da Casca, 2011).

2.6 CSR in a time of crisis

During an economic crisis, CSR practices are questioned (eg. Manubens, 2009; Souto, 2009). Since the global financial meltdown of 2008, business ethics are being looked with reservation due to the loss of trust in the financial markets, which raised a time of reflection about the validity and usefulness of CSR (Martin and Kemper, 2010).

As a source of costs and expenses, CSR can compromise a company's competitiveness constituting a higher threat during an economic crisis (Manubens, 2009). However, CSR may now become more important than ever, in order to rebuild trust in the business sector and to address rising prominent social issues with lack of response (Quelch and Jocz, 2009). The following practices will take the future lead for CSR: redefine social objectives; integrate CSR into strategy and operations by prioritizing and realigning resources for CSR initiatives; measure and monitor CSR; strengthen stakeholders relations (Manubens, 2009; Souto, 2009; Martin and Kemper, 2010). The way each company's CSR will react to the economic crisis will depend on its involvement level: if CSR is embedded in the company strategy, DNA¹⁴ and in the leaders' vision, then it is more probable for a firm to find opportunities for renewal (Quelch and Jocz, 2009).

Nowadays, Portugal is facing a deep economic crisis¹⁵, which may compromise CSR. The harmful economic environment is boosting a set of societal needs with a consequent rising of stakeholders' pressures, which companies must address. Concluding, challenging times come for business in general and for CSR as a commonly costly managerial practice. The way companies will successfully innovate their CSR depends on the level of strategic integration that CSR has to each firm and on a social committed leadership with entrepreneurial attitude.

Given this is an actual corporate challenge, studying it within a real life context is of great pertinence, hence the use of a case study (Yin, 2009) relying on a Portuguese company with strong CSR practices as a way to understand how shared value can be created. Furthermore, with the teaching case inherent pedagogical goal, the literature review relies on CSR conceptual frameworks, with the intent to provide students relevant tools to critically analyze the case while successfully retaining current CSR concepts.

¹⁴ This means that CSR is fully integrated in company's values, strategy and leadership culture (Quelch and Jocz, 2009).

¹⁵ <http://www.ft.com/intl/cms/s/0/d2ab9c9a-4bfd-11e1-98dd-00144feabdc0.html#axzz1luS30dSi>

CHAPTER 3: CASE-STUDY

Growing with the community

Living inland, with scarce resources, I had not yet completed the age of 13 when I started working with my uncle in the coffee industry.

— Rui Nabeiro¹⁶

Founded in 1961 in Campo Maior, Alentejo, close to the Spanish border, Delta Cafés was a small family business trying to survive. However, something was done differently with Delta when comparing to other coffee companies. With a daring vision and certainty in his dreams and ambitions, Comendador¹⁷ Rui Nabeiro, born in 1931 and founder of Delta Cafés, has constructed an innovative business model by never looking away from his social responsibilities and roots in Campo Maior.

A man should never forget his origins. We, who lived in this town, have had the experience of seeing people with needs. I was one of those persons and that cannot be forgotten. Fifty years ago¹⁸, what we started doing was a natural consequence of our personal vision and sense of responsibility. One needs charisma, giving attitude, concern and sense of proximity with others. The one who does not share or foster social development owes a great deal to society. Today, I feel every company does it by a sense of duty.

Delta Cafés has soon been committed to create value for its clients by fostering a friendly relationship with them, investing in fair trade and eco-efficiency, at the same time it believes that human resources is its most valuable asset.

¹⁶ Garcia and Nabeiro, 2009, pg. 21

¹⁷ Comendador is an honorary title given by the President of Portugal to someone considered to have provided a honourable service to the country. Rui Nabeiro was distinguished as Comendador in 1995 and received the Grã-Cruz (a higher standard) in 2006 for having founded Delta and for his excellence in the national industry development - <http://www.ordens.presidencia.pt/> (1/2/2012).

¹⁸ According to Carroll (1999), the modern era of social responsibility, when the actual concept and its relevance started to be discussed in the academia, has its roots in the 50's. Despite not being consensual yet, the concept was, curiously, already "naturally" applied by companies like Delta.

3.1 It smells like roasted coffee

In December, the landscape in Alentejo denotes an uncommon green tone through its unlimited horizons filled with olive and cork trees, along straight endless roads, where some villages rarely emerge. In those villages, with white small houses, only the elderly remain in the same place where they have grown up and where time appears to have never passed by.

However, when reaching Campo Maior, one perceives that something different is happening. There are trucks and several cars approaching the town and all that rush seems to be driven by one thing: Delta. In the main square, in the heart of Campo Maior, one can find a statue of Comendador Nabeiro. Around the town, there are several industrial plants, some related with the coffee industry, a presence felt by the sweetness and pleasant smell of roasted coffee in the streets.

Driving 5 km of the road to Portalegre, one can find Novadelta¹⁹, the largest coffee roasting company in Portugal, surrounded by manicured gardens. It is now lunchtime and employees are leaving in large groups, while laughing, in order to catch the corporate bus, for those who prefer going to Campo Maior to have lunch with their families.

When coming inside Novadelta, the facilities also stand out (Exhibit 1). They are principally automated and have a lot of free space and light. The production line and the management offices are separated by glass so everyone shares the same working atmosphere. While talking with Mr. Ribeirinho, Novadelta's CEO, one can denote the friendly environment and informal relationship that goes from the top management to the manufacture employee. When asked about the corporation's view of social responsibility regarding community involvement, Mr. Ribeirinho explains: *Our management policies intend to enhance competitive communities by creating value to them. The creation of value is the creation of the conditions needed for a social sustainable development through time.*

¹⁹ Novadelta was created in 1984 and in 1994 was certified with ISO 9001, being the first Portuguese company in coffee industry to have the quality certification, which confirms the commitment of Delta to assure a quality coffee to its consumers (Rodrigues et al., 2011, p.284); Novadelta alone represents circa one third of Delta Cafés, SGPS turnover (Novadelta, Annual report 2010; Delta SGPS, Annual report 2010).

3.2 Delta Cafés, the Portuguese coffee company

Before Delta was founded in 1961, Comendador Nabeiro had already worked in a coffee roasting company since the age of 13 with his father and uncles and took over the family company still in the 1950's after his father's death²⁰. Delta emerged in Campo Maior to supply the Portuguese market, as Camelo, the family brand, already sold coffee to Spain. At the time, during the 60's, while Portugal was facing a dictatorship, Comendador Nabeiro identified the importance of trustiness and started to manage client relations through the motto "each client, a friend"²¹. This attitude shaped the way Delta Cafés has grown and is committed with its stakeholder relations.

Actually, Delta is part of Nabeiro Group, with 22 companies in 7 different business areas (Exhibit 2 and 3). Nabeiro Group creates synergies with Delta by providing complementary products as, for example, the awnings for Delta's restaurants and coffee clients. Nabeiro Group is 100% owned by the Nabeiro family, which incorporates two generations in its board of directors with Comendador Nabeiro himself, his son João and his daughter Helena. The third generation and grandchildren of Comendador Nabeiro are already assuming strong positions in Nabeiro Group and Delta Cafés, being grandson Rui Miguel Nabeiro the responsible for launching the Delta Q brand²². For Mr. Ribeirinho, this family sense is a strong characteristic of Delta: *We have always practiced the idea of family in a very personalized and close management culture.*

Delta is recognized as a coffee market leader in Portugal, with approximately 41% total market share and a turnover approaching 300 million € (Exhibit 4,5) and employed 1933 people (2010). It counts with 22 commercial departments spread throughout the country (Exhibit 6) and has been the most trusted coffee brand in Portugal for 10 consecutive years (2001-2011), according to Reader's Digest²³. Delta's internationalization (Exhibit 7) started in Spain and was mainly held during the 80's when Portugal joined the EU with the creation of Novadelta Spain, headquartered in Badajoz²⁴.

²⁰ Garcia and Nabeiro, 2009, pp.19-20

²¹ Rodrigues et al., 2011, p.295

²² Rodrigues et al., 2011, pp.323-327

²³ <http://www.marcasdeconfianca.seleccoos.pt/Marcas/Delta.aspx?id=Delta&ano=2011#imagem> (22/01/2012)

²⁴ Rodrigues et al., 2011, pp. 286-290

3.3 Campo Maior, the Loyal and Valorous Town

Campo Maior is situated in Portalegre District, in Alto Alentejo region. The municipality is situated *circa* 20 km from the Spanish city of Badajoz, 225 Km from Lisboa and 627 Km from Madrid²⁵. The municipality is populated by 8246 inhabitants (2010), with a quarter of the population having less than 25 years old. According to official data from 2009²⁶, the average wage in Campo Maior accounts for 1084.7€, which is significantly higher than the average wage of the neighbour city Elvas (795.1€) and also from the average of Alto Alentejo region (866.3€). This difference may be justifiable by the entrepreneurial dynamism in Campo Maior, with a business turnover of 347 million euros, being superior from the value registered for the neighbouring municipalities, indicating high wealth creation standards in Campo Maior (Exhibit 8). The business concentration in the municipality is high, with 73.5% of the business turnover being allocated to the four biggest companies (INE, 2010). Additionally, Campo Maior is Alto Alentejo's only municipality whose resident population grew in the last decade, with a raise of 4.84%. Ricardo Pinheiro, mayor of Campo Maior, states that this population growth is connected with the presence and success of the company Delta Cafés. In the same period of time, Alentejo region lost 4.39% of its population²⁷.

²⁵ <http://www.viamichelin.com> (6/2/2012)

²⁶ INE, 2010

²⁷ News based on official preliminary data from Censos 2011 - http://www.radioelvas.com/index.php?option=com_content&view=article&id=3150:census-2011-campo-maior-aumenta-populacao-na-ultima-decada&catid=1:regional&Itemid=25nte: (6/2/2012)

3.4 Social Responsibility, a part of Delta's DNA

3.4.1 When it all started

Delta Cafés and its social responsibility have started at the same time²⁸ (Exhibit 9). According to Mr. Ribeirinho: *Delta's DNA has been connected to the personal values of Comendador Rui Nabeiro, who creates value and shares it with stakeholders. He has created an ambition inherently altruistic that is intrinsic to our development as a firm.*

In fact, already in the 60's Delta built forty houses for employees living in the poorest conditions, some being today inhabited by the next family generation²⁹. Comendador Nabeiro perceives no significant boundaries between current business practises and social responsibilities: *I always think about the social project side of Delta. Everyday I start early in the morning talking with my employees to understand their needs and to help address them.*

3.4.2 The first Portuguese company being certified with SA 8000

The call for standardization and CSR recognition made Novadelta the first Portuguese company certified with SA8000, the social responsibility norm³⁰, in 2002. In the same year, Delta issued its first social report. For Mr. Ribeirinho: *At the time we did not find it difficult and worked towards the certification. It was not a turning point in terms of our social responsibility practices, but a recognition for the work already developed by Comendador Rui Nabeiro. It was also when social responsibility started to gain attention in Portugal*³¹.

By 2010, and following the external recognition to leverage its sustainability standards, Delta was certified with: SA8000, ISO2200:2005, NP EN ISO 14001:2004, OHSAS 18001:2007, EMAS and NP EN ISO 9001:2008 and signed the UN Global Compact principles in 2003³².

²⁸ The main milestones occur after the year 2002, despite being considered always present (Exhibit 9)

²⁹ Garcia and Nabeiro, 2009, pp. 57-58

³⁰ The SA8000 norm relies on applying a multi-stakeholder approach and human rights to working conditions through eight elements that include: working hours, health and safety and wages
<http://www.saasaccreditation.org/certSA8000.htm> (20/11/2011); Delta Cafés, Social Report 2002

³¹ The turning point of the CSR approach in Portugal happened in 2001/2002, when international organizations like WBCSD (2001) established in the country and national organizations for CSR like Grace and RSE Portugal were created. Since then, the dialogue between stakeholders and corporations, corporate involvement on CSR and sustainability reporting has been strengthening in Portugal. Leading corporations are taking more emphasis on these issues, embracing innovative approaches and using CSR as a source of competitive advantage (CSR Europe, 2010; Grace, 2011; Branco and Rodrigues, 2008; BSCD Portugal <http://www.bcsdportugal.org/>; WBCSD -<http://www.wbcd.org/>; GRACE - <http://www.grace.pt/> - 10/11/2011)

³²Delta Cafés, Sustainability Reports 2003-2004 / 2004-2005/ 2007 / 2009

3.4.3 Sustainability Integration

In fact, Delta's social responsibility³³ is not only intrinsic to its leader, but is included in the corporate mission and values. The first, aims to *Correspond to the real demands of clients and markets in order to promote total satisfaction and consumer loyalty, through a responsible business model that relies on creating and sharing value with its stakeholders*³⁴ and the latter includes³⁵: loyalty, humility, quality, solidarity, sustainability, integrity, transparency, social responsibility and truthiness.

Due to the company growth and consequent geographic dispersion, Delta had a challenge: how to better integrate social responsibility in its strategy operations, in order for the message to reach every employee?

Thus, the need to create the Sustainability Committee and Team³⁶ emerged in order to manage different stakeholders' expectations and communicate the message to all employees³⁷.

As Mr. Ribeirinho explained:

With a leader and founder as charismatic as Comendador Nabeiro, his presence is very important for all of us. We wished the several business divisions could spread and foster his management ideals. Thus, we created the Sustainability Committee to aggregate the most important areas of the firm in a common group that has the responsibility to operationalize, define strategies and spread the word when it comes to social responsibility.

The Sustainability Team (Exhibit 10), which meets every two weeks, is responsible for the sustainability regular management and is composed by five corporate Department Directors and by the Director of Coração Delta, the corporate solidarity association. The main aim of this two party sustainability management model (Sustainability Committee and Sustainability Team) is to: *assure more flexibility in the decision process and to easily put into practice all the set of projects and actions desired*³⁸. The integration between the corporate goals and the goals of Coração Delta is made through these organisms as explained by its coordinator, Mrs.

³³ Besides social responsibility, the sustainability principles are also regarded of major importance to Delta.

³⁴ In 2002 the corporate mission was to foster "an integrated community development" and changed in 2007 to "creating and sharing value with its stakeholders" (Delta Cafés, Social Report 2002, p. 6; Delta Cafés, Sustainability Report 2009, p. 10)

³⁵ Delta Cafés, Sustainability Report 2009, p. 10

³⁶ In order to better assure CSR integration into its strategy and operation, CODES, the Portuguese abbreviation for Sustainable Development Council, was substituted in 2009 by the creation of a Sustainability Committee and the Sustainability Team. The CODES was created in 2003, in order to guarantee better efficiency on the integration of sustainability practices into Delta's operations.

³⁷ Delta Cafés, Sustainability Report 2007, pg, 12

³⁸ Delta Cafés, Sustainability Report 2009, p.16

Gomes: *Coração Delta directly cooperates with Delta and we plan the social activities together, so, our goals are aligned in social terms and we have been making a very positive evaluation from it, as our mutual objectives are being accomplished.*

Delta also has sustainability ambassadors in each company and commercial department of Portugal and Spain that are constituted by employees who volunteer to communicate, disseminate and implement the sustainability policy of Delta SGPS³⁹.

In order to define its sustainability strategy and to comply with its mission, Delta defines its stakeholder relations through a *human face management*⁴⁰ approach, which is based on constant dialogue and mutual feedback, enhanced by direct communication channels (Exhibit 11). Mr. Ribeirinho provided the following example to explain this interaction:⁴¹

We noticed that our customers usually use half of the sugar packet when drinking coffee, so we identified a problem: there is a lot of waste. Thus, we diminished the package in terms of size and quantity. In order to do this, we heard our stakeholders, mainly our clients. This provides us more efficiency in our product at the same time that we are creating an aggregated value by: contributing for a non-waste culture, mitigating environmental harm and providing benefits in customers' health by reducing sugar consumption.

3.5 Embracing communities in the other side of the world

Delta acknowledges its responsibilities in coffee collection communities, as coffee is the second most important raw material for developing economies⁴². Consequently, the company has been promoting local producers' community development as well as investing in the purchase of sustainable coffee and on fair trade⁴³.

One of the most remarkable initiatives of Delta in this field was the "one coffee for Timor" campaign (Exhibit 12). During 2000-2003 each kilo of Delta Timor coffee lot sold was supporting its producers' community in Timor with 1 euro⁴⁴.

³⁹ Delta Cafés, Sustainability Report 2009

⁴⁰ *The human face management of Delta has the dialogue as its main premise for partnership creation, based in knowledge and value networks, that integrate all stakeholders, thus gaining flexibility in the process of change that are required to meet the increasing complexity of new social challenges* Delta Cafés, Sustainability Report, 2009, p.16

⁴¹ Delta Cafés, Sustainability Report 2007

⁴² Delta Cafés, Sustainability Report 2009

⁴³ Rodrigues et al., 2011, pp.328-332

⁴⁴ Delta Cafés, Social Report 2002; Delta Cafés, Sustainability Report 2003-2004

It all started with a visit of Comendador Nabeiro to Timor in 2000, when the political situation was not stable and coffee was in poor conditions.

Timor was facing a difficult situation and, at that time, I was asked about their coffee quality. It was hard to establish a contact, so I just went there myself, and to this day I am still pleased I did it. I found a lot of people in need and felt that I just had to do something about it. I helped them to improve the coffee quality and production and ended up selling Timor coffee in the market, which today is internationally recognized as a high quality coffee.

Afterwards, Delta sent to Timor specialized workers to teach the local people how to produce quality coffee and built schools for children⁴⁵. This initiative was awarded in 2003, with a worldwide prize from Social Accountability International for positive impact on community⁴⁶. Delta internally recognizes that this project had an intangible impact by promoting its image with regards to its stakeholders, which leveraged Delta products. According to Mr. Ribeirinho: *That is why we usually say that doing good pays off.*

After 2000 and with the objective to certify Timor's coffee, Delta enhanced the commitment of local sustainability, fair trade and eco-efficiency within its supply chain expanding the concept to Brazil (through Delta Manaus) and Angola (through Delta Mussulo)⁴⁷. With this regard, Delta has been buying sustainable coffee and promoting fair trade, being one example the partnership with *Rainforest Alliance*, which certifies at least 30% of Delta's "Selected Origins" coffee⁴⁸. Through Angonabeiro, Delta's company in Angola, local participation and producers' skills have been promoted, with close monitoring, in order to foster high quality coffee production. In 2007 Delta launched a fair trade product line in Portugal and Spain⁴⁹. Sustainable practices do not end in the coffee collection phase. Delta has also been promoting them throughout other stages of the value chain (Exhibit 13) as the example of replacing trucks with train for coffee distribution from Campo Maior to Lisbon⁵⁰, thus reducing environmental harm. Moreover, Delta invested in local infrastructure as the example of the natural gas investment supply for Novadelta. Delta financed its extension to the municipality of Campo Maior, enabling access to an alternative energy source.

⁴⁵ Garcia and Nabeiro, 2009, p.189; Social Report, 2002 and Sustainability Report, Delta Cafés, 2003

⁴⁶ Delta Cafés, Sustainability Report 2003-2004, p.49

⁴⁷ Delta Cafés, Social Report 2002; Delta Cafés, Sustainability Report 2003-2004

⁴⁸ Delta Cafés, Sustainability Report 2009, .p.30

⁴⁹ Delta Cafés, Sustainability Report 2007

⁵⁰ Delta Cafés, Sustainability Report 2007

3.6 Delta Cafés' Community Involvement practices

In 2005, Coração Delta Association, a social solidarity institution⁵¹ was created. But its roots started five years earlier as Mrs. Gomes explains:

In 2000, a group of employees, more aware of this corporate social commitment, created an employee volunteering group named "Um Coração chamado Delta", later giving origin to Coração Delta Association. This emerged inside the corporate project of Delta Cafés because Comendador Nabeiro is very close to his employees and his daily message is a message of sharing, of solidarity.

Coração Delta is financed by Nabeiro group and by employees who want to become its partners. It works in several social areas and holds several projects (Exhibit 14), usually cooperating with other social institutions. It employs 35 persons, 16 of them work for Alice Nabeiro Educational Centre (ANEC). Furthermore, it engages in social projects with *the ambition of working towards excellence*, in a long-term and sustainable perspective. In order to comply with it, Coração Delta carefully studies what are the most relevant social needs and partners with local NGOs with high quality standards. For Mrs. Gomes, the fact that Coração Delta cooperates with Delta Cafés *constitutes an added value*.

We can identify some advantages from being associated with a corporation. In fact, we feel that we can address social issues more efficiently with quality and excellence, since we have the professionalization of Delta. We also benefit from valuable networks. Furthermore, we are linked to Delta's reputation because people associate the company's name with social responsibility. By opting for social responsibility, the company strengthens its communities.

3.6.1 Alice Nabeiro Educational Centre, teaching entrepreneurship to children

In the middle of Campo Maior it is possible to find one of the most recent and ambitious social projects of Delta: Alice Nabeiro Educational Centre (ANEC). Founded in 2007, it supports 134⁵² children of Delta's employees and other children from Campo Maior to *learn by doing*. In the entrance, two four year old kids wearing Delta's caps run by asking if it is computer class time. As Comendador Nabeiro explains: *We did not want to come up with one more way for children to spend their time, but to give them a new way of learning. We also*

⁵¹ IPSS is the Portuguese acronym for social solidarity private institutions and as the name indicates those are non-profit privately held institutions that address issues of solidarity and justice by means of an organized structure. - http://fiadcpdfs.no.sapo.pt/DL_119-1983_Estatuto_das_IPSS.pdf Artigo 1

⁵² According to official data from INE (2010), 134 children correspond to 14% of the children of between the ages of 3-12 attending school in Campo Maior. In fact, ANEC has a huge waiting line and is trying to gather the conditions to address more children. ANEC also provides pre-primary education for 45 children (included in the total supported children).

thought about the parents, most of them our employees. Here, their children can have access to knowledge in a way they could not have without ANEC. Simultaneously, children pass this knowledge to their parents.

ANEC is a remarkable place with a lot of resources including an art room, a science room, a computer lab and a cosy library. The educational centre, considered an eco-school according to the EU standards, provides an integrated development service for Campo Maior children from 3 to 12, at the same time that *motivates and tranquilizes the parents that go to work everyday. The Educational Centre is opened from 8:00 to 20:00. We take kids to school, since parents start working (8:30) before the school starts (9:00). At the end of the day, we bring them back from school, so they can consolidate their learning: firstly they have workshops that go from music to drama. Afterwards, they have monitored study for their homework and doubts, and finally they integrate clubs according to children preferences and skills as the robotics club or the library's blog club*, explains Mrs. Dionísia Gomes, who also adds that this was a long time dream of Comendador Nabeiro to serve Campo Maior with a top quality educational centre that can teach responsible entrepreneurship to children. For Mrs Gomes, Comendador Nabeiro has a different vision when doing social responsibility, he goes beyond the usual by creating social responsibility in a sustainable way, by strongly investing in the well being of the community and its employees in the long-term, *which will turn Campo Maior, in the future, into a more competitive community.*

ANEC also developed the entrepreneurship manual, which is applied by teachers along different child development stages, with the goal of spreading responsible entrepreneurship to other schools and communities. The main objective is to stimulate children's ideas and give them tools to make them come true, while fostering a responsible and ethical behaviour. A set of skills are enhanced: children have to come out with a proposal, understand what is needed, learn to hear a negative answer and find alternatives, nominate a leader and understand the potential of networking. The project is being successfully applied in ANEC, as Mrs Dionísia Gomes explains: *In each workshop, the teacher enhances entrepreneurship and the children are the ones who provide the ideas and give dynamism to them. These children projects can be as simple as a football tournament.*

3.6.2 Employee Volunteering *Tempo para Dar*, expanding horizons

Delta already participated in employee volunteering practices since 2000, an initiative reinforced by the establishment of Coração Delta in 2005. In 2010, 1672 hours from Delta's workforce were spent in volunteer projects. Furthermore, this programme, initially developed in Campo Maior, was replicated to other communities, in the 22 Portuguese (Exhibit 6) commercial departments.

This programme emerged after a partnership with a national TV broadcast, within a three-month project, that aimed to address elderly isolation. Delta sold a special coffee lot with 10 cents per unit being addressed to this initiative. At the end, it was able to buy equipment for several institutions in need. However, Comendador Nabeiro wanted more and *Tempo para Dar* was converted into a national corporate volunteer programme in 2010, counting today with 345 volunteers and helping 41 elderly: *a number that is rising*. Before being admitted as volunteers, the employees are submitted to an interview with the local partner NGO that is going to host them and receive specialized training. As Mrs. Gomes explains:

Delta dispenses its employees from work two hours per month if they wish to volunteer with the elderly. In Campo Maior we know our social reality and it is here that this social pillar (of Delta) remains. To cooperate with local NGO brings us advantages since they better identify their municipality reality. We partnered with local NGOs with high quality standards and our employees volunteer with the elderly already identified by them.

For Comendador Nabeiro, the objective was also to promote social responsible values on Delta's employees at a national scale:

They earn contentment, satisfaction and the pride of being different. Anything positive that we can do with the employees is taken as a gift; we are grateful for it. The employees get a different outlook on life, they become aware of humanism. Delta also wins, because social investment is not a cost, but an added value that comes from the acknowledgement of benefits it brings to people's lives.

3.7 Not giving up from its roots, Delta grew with the community

Leaving his hometown was never an option for Comendador Nabeiro, despite several offers from multinational companies to purchase Delta Cafés: all of them refused. For Comendador Nabeiro the reason is simple:

Social commitments are also to be kept. People in Campo Maior recognize our contribution for social development and, as more grateful they are to us, more responsibility we have to them. This requires us to build synergistic relationships between the business and the community itself with regards to its social conditions.

Although located in inner Alentejo, the closeness to the Spanish city of Badajoz could attract the population to leave Campo Maior. However, the population in Campo Maior is rising, and Delta employees represent one third of the local workforce⁵³. What retains and attracts people from other municipalities and regions than Campo Maior seems to be the conditions that the company provides, such as: competitive wage level, health insurance, special conditions for home, transportation and food purchasing. But as Mr. Ribeirinho explains:

Delta-community relation is a win-win relationship. We depend on our community, the place where we are established, on human resources. Delta's community involvement allowed more families to establish in Campo Maior, who had more children creating the need for more schools, teachers and more indirect economy; more knowledge and competitiveness for Delta.

In a time when the Portuguese economy is facing a huge recession, companies have the challenge to reallocate their expenses in order to sustain the jobs and profitability. Delta feels the emerging social needs around it, as acknowledged by Mr. Ribeirinho:

This is a tough year, which makes Delta feel even more responsible. The Board shows some concern on how the communication is perceived and comes through to workers regarding support, trust, and the company effort to be closer to the community. By listening to their employees, giving out discussion groups, workshops and information disclosures, Comendador Nabeiro has been spreading energy and providing positive support to people.

How should Delta face this challenge and find opportunities to simultaneously create economic and social value? Is CSR compromised, or will the strong ambitions and altruistic values of Comendador Nabeiro and Delta's long CSR history keep the Portuguese coffee company taking the lead in social responsible practices?

⁵³ Delta Cafés, 2010. *As boas práticas sociais e laborais*, Delta Cafés

3.9 Exhibits to the case study

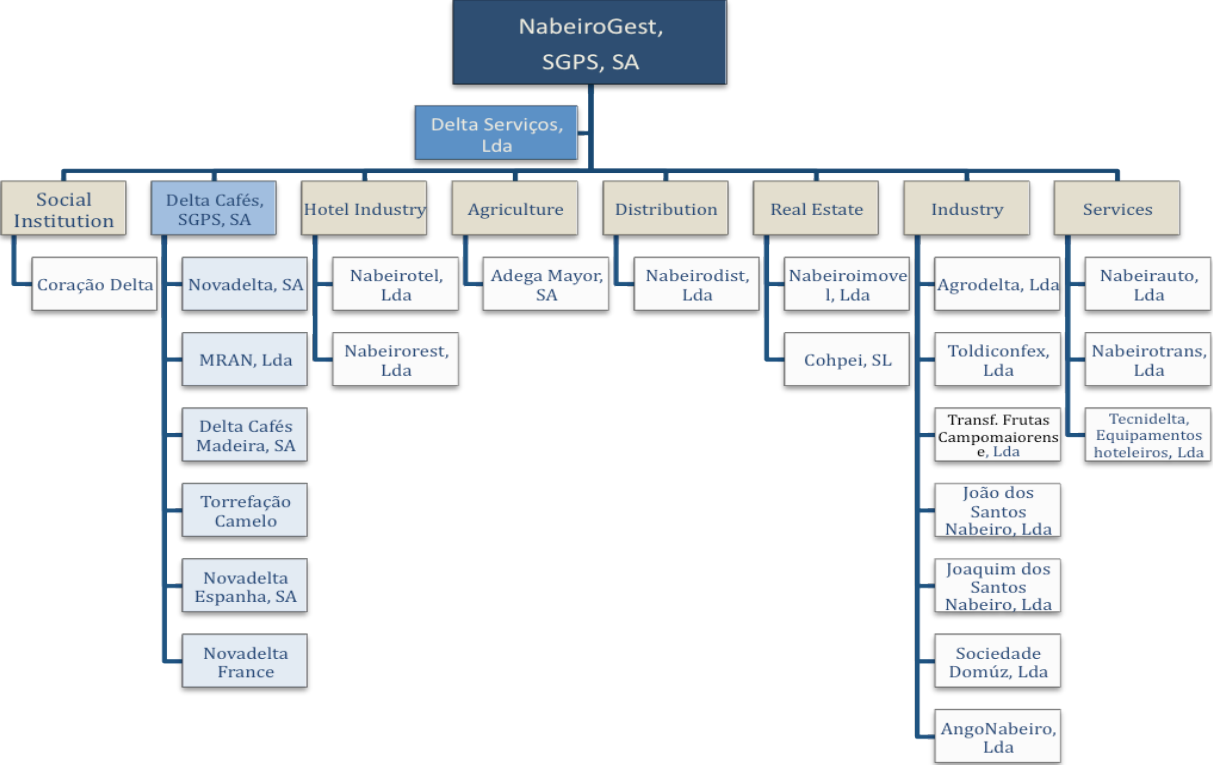
Exhibit 1- Novadelta's facilities, Campo Maior⁵⁴



Source: Delta Cafés

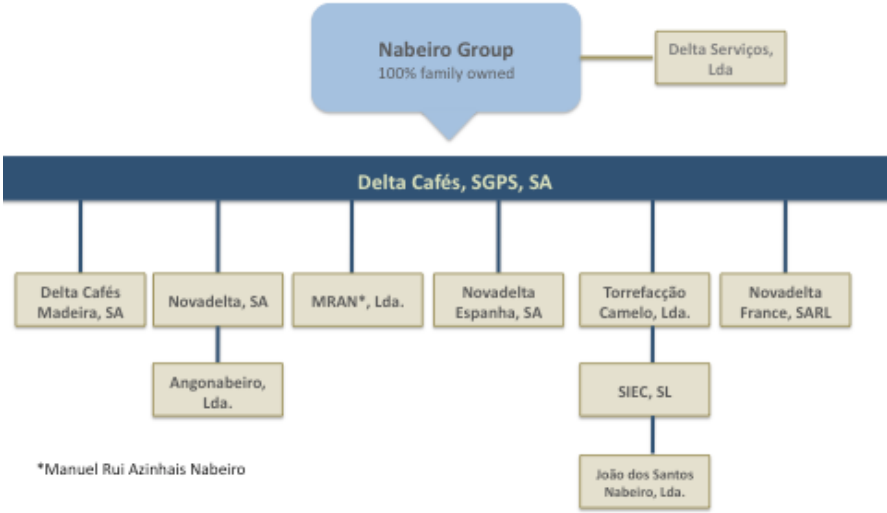
⁵⁴ The first photos show the main phases of the production process of Novadelta (warehousing of green coffee, coffee roasting and finally the coffee packaging before going to be distributed); the photos below show the facilities from the outside.

Exhibit 2 - Nabeiro Group Organizational Structure



Source: Rodrigues, J.V. et al., 2011, p. 307

Exhibit 3 - Delta SGPS Organizational Structure⁵⁵



Source: Delta Cafés, Sustainability Report 2009

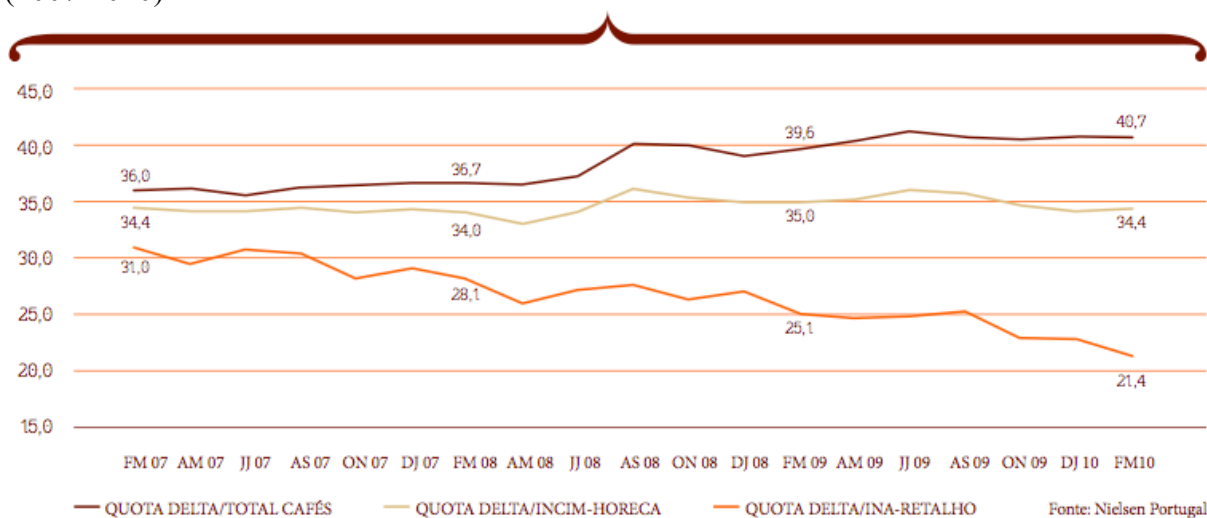
⁵⁵ Torrefação Camelo and Novadelta (including Angonabeiro operating in Angola) are roasting companies while the others are dedicated to coffee commercialization (Delta Cafés, Sustainability Report 2009).

Exhibit 4 - Key financials for Delta, thousand euros and number of employees (2007-2010)⁵⁶

	2010	2009	2008	2007
Direct economic value created				
Turnover	273506	275205	264019	240559
Economic value distributed	244093	266949	254171	232334
Operational Costs	173268	205289	191768	174765
Wages and benefits	53877	50826	48884	46243
Payments to lenders	3614	2454	5628	4921
Payments to the state	11853	6943	6593	4962
Community investment	1481	1437	1299	1662
Number of employees	1933	1746	1712	1671

Source: Delta Cafés

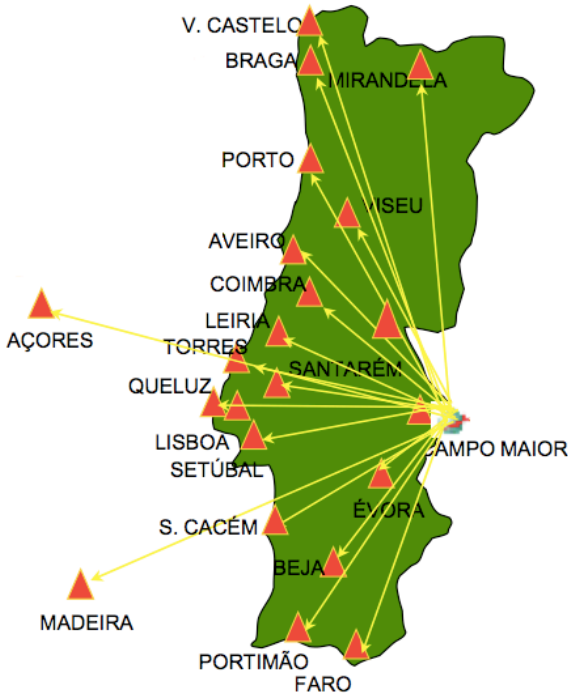
Exhibit 5 - Delta bimonthly market share evolution per segment: total, off-trade and on-trade (2007-2010)



Source: Delta Cafés, Sustainability Report 2009

⁵⁶ The data for 2007-2009 was available directly on Sustainability Reports; the data for 2010 was calculated from the corporate annual report and some differences may arise from this values to the values that will be issued in the next Sustainability report 2010-2011, taking into account possible differences that may arise in the criteria to calculate the economic values for 2010. The key financials start in 2007 taking into account not only the data availability but also since is the year when ANEC was launched and community involvement policy started to be more explicit.

Exhibit 6 - Delta Cafés' Portuguese Commercial Departments (2012)



Source: Maneira da Delta - http://www.asp-secretarias.pt/images/Apresentacoes_XXVEn/Ap_Delta.pdf (4/12/2011)

Exhibit 7 - Delta Cafés market geographic dispersion



Source: Delta Cafés, Sustainability Report 2009

Exhibit 8 - Statistical Data, Campo Maior

Exhibit 8(a) - Campo Maior population by gender and age - 2010

	Male	Female	Total	%
Total	4058	4188	8246	100%
0-14	636	577	1213	14,7%
15-24	465	437	902	10,9%
25-64	2212	2189	4401	53,4%
65 +	745	985	1730	21,0%

Exhibit 8(b) - Campo Maior crude educational attainment - 2009

	Pre-primary	Basic Education	Secondary Education
Campo Maior	126,3	141,9	176,9
AA region	109,6	142,9	155,9
Portugal	85	127,1	146,2

Exhibit 8(c) - Campo Maior Student distribution per education level - 2009

	Pre-primary	1st cycle	2nd cycle	3rd cycle	Secondary	Total
Campo Maior	264	425	264	398	467	1818

Exhibit 8(d) - Companies' Turnover (total, per capita) - 2009

	Companies' Turnover	Population (2009)	Companies' Turnover per capita
Campo Maior	347819	8294	41,94
Elvas	258272	21978	11,75
Portalegre	495883	23448	21,15
AA region	1625323	115421	14,08
Portugal	335887312	10144940	33,11

Exhibit 8(e) - Companies' Gross added value (total, per capita) - 2009

	Gross Value Added	Population (2009)	Gross Value Added per capita
Campo Maior	100126	8294	12,07
Elvas	50410	21978	2,29
Portalegre	151681	23448	6,47
AA region	421065	115421	3,65
Portugal	82736082	10144940	8,16

Exhibit 8(f) - Health indicators - 2009

	Nurses per 1000 inhabitants	Doctors per 1000 inhabitants
Campo Maior	3,6	6,8
Elvas	7,3	5,0
Alto Alentejo	6,5	3,2

Source: INE, 2010; www.ine.pt (5/12/2011)

Exhibit 9- Delta Timeline and Main Milestones, 1961 - 2010

Year	Moment in corporate history
1961	- Delta was created
1968/69	- Delta built houses for its employees
1970's	- Delta pays holidays for its employees and families
1984	- Set up of the first production line - Novadelta (Campo Maior)
1986	- Internationalization to Spain
1994	- First Portuguese company to be certified in terms of quality in the industry through Novadelta
1998	- Establishment in Angola, through Angonabeiro
2002	- A coffee for Timor campaign and the first Portuguese company to be certified with the norm SA 8000 - Issuing of the first Social Report
2003	- Delta receives the worldwide prize for positive impact on community from Social Accountability International
2005	- Creation of Associação Coração Delta, Master Café Delta, and International Center for post-graduation
2007	- Creation of Alice Nabeiro Education Center, Delta Tejo, Delta Q and Planeta Delta - Fair trade coffee line is launched
2008	- Opening of the Baristas School
2010	- Expansion of corporate volunteering programme to the national level through <i>Tempo para Dar</i> - Creation of Delta Rethink coffee pod recycling project

Source: Delta's Sustainability Reports and company data

Exhibit 10 - Sustainability Committee Organizational and Functional Structure

	Members	Functions	Meeting frequency
President of the Sustainability Committee	General Director	Approval of the strategic goals with the board of directions	Annual approval
Sustainability Committee	Financial Director Integrated Systems Director Marketing Director Human Resources Director Coração Delta Director Innovation Director Sustainability Director Employees' representative	Analysis of GRI indicators, benchmarks and other analyses. Decision of strategic goals and design of implementation plan	Every three months
Sustainability Manager	Sustainability Director	Supervises the implementation plans, schedules meetings and coordinates sustainability management on the daily basis	Daily supervision
Sustainability Team	Financial Director Integrated Systems Director Marketing Director Human Resources Director Coração Delta Director Innovation Director Sustainability Director	Responsible for the plan of action, monitoring and reporting to the sustainability manager	Every two weeks

Source: Delta Cafés, Sustainability Report 2009

Exhibit 11- Stakeholder Communication Channels

Stakeholder Groups	Sub-Stakeholder Groups	Communication channels
Investors	Nabeiro Family	Regular meetings
Clients/Consumers	HORECA Channel; Retail; Wholesale Final consumer	Telephone service Shops; Website; Trade fairs Deltamagazine; Surveys
Employees	Board of Directors Managers; Sales persons Technical and regular employees	Regular meetings Employees commission; Intranet Deltamagazine;
Communities	Campo Maior Community Communities where the group has a direct and indirect presence	Telephone Service; Visits to ANEC International Centre of Postgraduate studies Website; Delta magazine Sustainability and Annual reports
State and Public Institutions	Local and Regional municipality; Public institutions	Letters; Meetings
NGOs and Social Institutions	Health; Community; Environment	Meetings; Protocols; Projects
Suppliers	Raw materials; Equipment Food products; Services; Consumables	Business principles Audits; Market tests Sustainability and Annual reports

Moreover, Delta issues surveys in order to receive stakeholder feedback regarding sustainability reporting.

Source: Delta Cafés, Sustainability Report 2009

Exhibit 12- A coffee for Timor campaign promoting brand recognition

Delta Timor. Quando os homens querem, a obra nasce.

Delta, a única empresa portuguesa distinguida pelo segundo ano consecutivo na área de Responsabilidade Social.

Depois de receber a certificação SA 8000, a Delta foi distinguida com o prémio Corporate Conscience Award, atribuído pela Social Accountability International – organização pioneira na promoção da Ética Corporativa de Responsabilidade Social. Este prémio – que tem como princípio o reconhecimento de empresas que respeitem os direitos dos trabalhadores e das comunidades onde se inserem – é simultaneamente um incentivo e um reconhecimento do compromisso assumido com o projecto “Um Café por Timor”. É porque a vontade é grande, a Delta irá continuar a trabalhar partilhando-se por valores como a honestidade, integridade e transparência, promovendo o desenvolvimento social, o respeito pelos valores da cidadania e do comércio justo, demonstrando que, quando os homens querem, é possível construir um mundo melhor.

Delta
Marca de Rosta Humana

OS LAÇOS ENTRE PORTUGUESES E TIMORENSES ESTÃO CADA VEZ MAIS FORTES. E AROMÁTICOS.

A Delta Cafés trouxe para Portugal um dos cafés verdes mais reconhecidos do mundo. O Café de Timor sempre foi muito apreciado no nosso país. Agora está de volta. Para alegria não só dos portugueses mas também do povo timorense. Por cada embalagem de Delta Café Timor que você comprar a Delta envia 50 escudos para Timor Lorossé. Este dinheiro reverte para a construção de escolas. Vamos todos beber um café por Timor.

UM CAFÉ POR TIMOR PARA 50 ESCUDOS

Delta
A verdade do café.

Source: Delta Cafés

Exhibit 13 - Delta Cafés Stakeholder Impact through its Value Chain

Activity	Positive Impacts	Negative Impacts	Stakeholders
Coffee Collection - investing in sustainable commerce - promoting biodiversity - investing in producers' skills (Angola)	- Contribution for the competitiveness of developing countries - Job creation - Community economic growth - Enhance associative initiatives of local producers - Improving social conditions	- Negative collateral effects from economic growth - Local migration - Biodiversity loss - Coffee price - Resources consumption (energy and water)	- Suppliers - Producers - Community
Coffee Distribution - Using the train between Campo Maior and Lisbon instead of trucks for coffee transportation	- Pollution reduction - Contribution for local partners' development	- Pollution	- Suppliers - Community
Coffee Production - Optimizing resource consumption and treating disposals - Promoting employee's welfare - Integrating management systems for quality and social responsibility	- Direct and indirect job creation - Improving social and economic conditions for the local community - Developing clusters - Fostering local competitiveness	- Resource consumption (energy and water) - Air and sound pollution - Disposal production - Consumption of materials	- Suppliers - Local community - Employees - State
Coffee Commercialization - Offering a different range of products within different product lines - Providing several ways for communicating with consumers - Developing a sustainable product line (fair trade and sustainable coffee) - Pioneer in commercialization zero carbon products	- Direct and indirect job creation - Improving social and economic conditions for the local community - Developing clusters - Fostering local competitiveness	-Resource consumption (energy and water) - Air and sound pollution - Disposal production - Consumption of materials	- Suppliers - Local community - Employees - State - Clients
Social Involvement - Promoting children and elderly welfare - Investing in safe products - Fostering social partnerships - Promoting corporate volunteering	- Community development - Promoting entrepreneurial spirit in children - Adopting a continual training approach for communities and employees	- No registration	- Clients - Employees - Local communities - State

Source: Delta Cafés, Sustainability Report 2009

Exhibit 14- Social Activities promoted for Community Development by Associação Coração Delta in 2010

Social Initiative	Brief Description
Alice Nabeiro Educational Center	Established in 2007 it intends to provide an integrated education to Campo Maior children (134 in total) with a special focus on responsible entrepreneurial spirit promotion. It is mainly directed to employees' children from 3-12 years old. CEAN is included in the eco-school European programme and has received a green flag.
Entrepreneurship Manual	Integrated into CEAN activities, the manual intends to promote entrepreneurship in children (3-12 years old) and was presented to the Portuguese Education Ministry and used in several schools in Portugal and Spain.
Early intervention in children and youth	Delta collaborates in order to help 39 children with socio-educational and therapeutically problems in the local areas of Campo Maior, Arronches and Monforte.
Corporate volunteering	Since 2000 there is a corporate volunteer project promoted by Coração Delta that counts with 345 employees working has volunteers in Campo Maior area and is developed through partnerships with local NGOs. Regarding health initiatives Delta received a prize on 2009 for helping to identify newborn children in Alentejo with audible problems.
Technology Entrepreneurship - EXITE	Through a partnership with IBM this programme intends to promote Campo Maior's youth interest for science and technology in girls.
Intervention in prisons	Through a protocol with Lisbon prison, Delta is implementing a studio to repair coffee machines and the work done is paid by Delta.
Tempo para Dar programme	Support to elderly social institutions started with partnership with SIC Esperança (TV broadcast) and through the selling of a special coffee lot. In 2010 it became a corporate volunteer program that was spread for all the communities where Delta has commercial departments through its employees.
Dream factory	Partnership between Delta Q and Sonae Sierra for fund raising to promote dream achievement in children under palliative treatment.
Poppy's mission	Fund raising for a dog school that educate dogs to support blind people, through selling poppy toy and through poppy coffee.
Sugar packets campaigns	Delta uses its sugar packets served with each coffee in regular coffee shops to promote social causes as AIDS prevention, fire prevention and children rights.
Other	Supported AIESEC, Cow Parade, Spanish league against cancer, Youth and Sport Foundation in Spain

Source: Delta Cafés, Sustainability Report 2009, interview to Mrs. Dionísia Gomes, coordinator of Associação Coração Delta and annual reports from Associação Coração Delta

CHAPTER 4: Teaching Notes

4.1 Case Synopsis

This case presents how Delta Cafés has been incorporating social responsibility initiatives into its business strategy, with a special focus on corporate community involvement. The main protagonists of the case-study are Comendador Nabeiro, the founder of Delta, which always had an altruistic ambition regarding business practices, Mr. Ribeirinho, Novadelta CEO, who has been playing an important role on Delta's CSR policies and Mrs. Gomes, Director of Coração Delta. The analysis has focused mainly since 2002, the year when Delta Cafés became the first Portuguese company to be certified with SA8000, started reporting its social involvement and was strongly committed to enhance integrated community development as in Timor. Coração Delta, with special focus on ANEC and corporate volunteer programmes, was the main scope of analysis.

At the time of the case-study development, late 2011 and early 2012, Portugal was facing an economic crisis with social needs rising considerably. Therefore, Delta had a challenge regarding its social responsibility practices: How to better correspond to social needs? How can CSR be managed in a way that may simultaneously create societal and economic value?

4.2 Learning objective, case target and suggested time and in-class approach

The main goal of the teaching case is to lead the discussion about CSR relevance, main motivation drivers and how it should be strategically managed in order to simultaneously create social and economic value, with a special focus on community involvement. The main targets are Master and MBA students attending CSR courses or strategy courses, which include CSR as a teaching topic. The assignment questions correspond to the research questions (RQ) of the dissertation. These are subsequently divided in teaching questions (TQ), all presented in the case discussion section, in order to better lead students answers.

RQ1: Why do companies engage in CSR?

RQ2: How have companies been integrating CSR into their strategy?

RQ3: How do companies manage their community involvement in order to create value for the company and for the community itself?

The suggested time approach is about 60 minutes.

Part I - Brief introduction regarding the case content (briefly described in the case synopsis)

- 3-5 minutes: Brief introduction asking the students the main subject of the case and challenges identified, the main milestones and the main protagonists.

Part II - Relating theory to practice - discussion will be led by questions posed by the Professor and subsequent class discussion with the use of theoretical topics and frameworks

- 10 minutes: Ask the students what are the main drivers and motivations for Delta to focus on community involvement.
- 15 minutes: During this time the Professor could lead the discussion about the relevance of incorporating CSR into the business strategy (Porter and Kramer, 2002, 2006, 2011).
- 10 minutes: In this section, the Professor would lead the discussion regarding the way Delta manages its community involvement (through Coração Delta) and to what extent it enhances the competitive context, if it can be considered strategic philanthropy and a source of value creation.

Part III - Building critical reasoning and bringing debate to class

- 10 to 15 minutes: During the remaining time and after the main discussion is presented, the Professor can lead the debate differently by launching a discussion asking for personal perspectives regarding CSR, taking into account the concept's ambiguity. The Professor would request arguments that go for and against CSR and to what extent should companies be responsible in addressing the social issues of their community. By promoting the discussion, the Professor would allow for a critical analysis of Delta's approach and the identification of the main challenges faced in a time of economic crisis. The Professor would end the discussion with a brief reflection about the main arguments presented, as well as by summarizing the main conclusions discussed in class and content and learning objectives of the case.

4.2.1 Additional Relevant Material⁵⁷

- Porter, M.E., Kramer, M.R. and Zadek, S., 2007. Redefining Corporate Social Responsibility (HBR Article Collection). *Harvard Business Review*, 85(2) pp. 1-45
- Porter, M.E. and Kramer, M.R., 2011. Creating Shared Value: How to Reinvent Capitalism and Unleash a Wave of Innovation and Growth. *Harvard Business Review*, 84(12), pp. 62-77

⁵⁷ A set of possible recommended articles to read before case discussion. In the HBR collection, the first two articles are specially recommended.

4.3. Teaching Questions and Case Discussion

Part II - Relating theory to practice (35 minutes)

The suggested answers to these questions and the constructed tables rely on the literature review presented, interviews made and managerial perceptions, direct observations and corporate documents.

RQ1: Why do companies engage in CSR?

The relevance of starting with this question is to understand that there are several reasons for a company's engagement in CSR. To lead the discussion, the Professor could present a conceptual framework, as the one presented in Figure 2, based on a literature review. In this sense, the Professor could rely on the distinction made by Brønn and Vidaver-Cohen (2009), which includes moral, instrumental and institutional motives for engaging in social initiatives.

Moral perspective	Internal drivers	Moral Motives	<p style="text-align: center;">Sense of duty to give back to society without expecting corporate benefits from it</p> <p>Depend on:</p> <ul style="list-style-type: none"> - leadership profile (Hemingway and Maclagan,2004) - corporate governance structure (eg. family business – Niehm et al, 2008)
Strategic perspective	Internal drivers	Instrumental Motives	<p style="text-align: center;">Expecting corporate benefit that would have a positive impact on profitability, even if it only occurs in the long-term</p> <p>Depend on: corporate strategy</p> <p>Corporate Benefits that can be expected:</p> <ul style="list-style-type: none"> - Cost and risk reduction (Godfrey, et al 2009; Hart and Milstein, 2003) - Reaching new markets (Hart and Milstein,2003; Prahalad and Hammond,2002) - Reputation and consumer loyalty (Melo and Galan,2011; Groza, et al, 2011) - Employee morale and capturing talent (Branco and Rodrigues, 2006; Bhattacharya et al, 2008)
Strategic perspective	External drivers	Institutional Motives	<p style="text-align: center;">Driven by external institutional pressures and need for legitimacy</p> <p>Depend on:</p> <ul style="list-style-type: none"> - stakeholder pressure (Lee,2011) - institutions - set of norms, incentives and rules (Matten and Moon, 2008) - economic environment, competition level (Campbell, 2007)

Figure 2 - Conceptual Framework based on literature review, chapter 2.2

Despite those three main motives being separated it does not mean that they cannot be found simultaneously in a corporation⁵⁸.

⁵⁸ As asserted by Brønn and Vidaver-Cohen (2009, p.95), sometimes, "moral motives share the stage with strategic perspectives".

TQ1: What are the main corporate motives for Delta to engage in CSR? Are altruism and the sense to "give back to society" the only reasons that sustain it?

TQ1.1: In what sense do you consider that the leadership of Delta influences its CSR commitment?

Comendador Rui Nabeiro is considered to have an intrinsically altruistic attitude that has shaped the way Delta is managed, which also justifies that CSR engagement is inherently associated with the *moral motives* of the leader. In fact, Comendador Nabeiro expresses that CSR emerged naturally, being one example of it the houses Delta has built for its poorest employees in the 60's. The influence of this altruistic leadership in CSR practices is transmitted by the perceptions of Mr. Ribeirinho and Mrs. Gomes when addressing Comendador Nabeiro and also through Comendador Nabeiro himself that states that those who have more should distribute their wealth "giving back to society".

Moreover, Delta is a family business, which means that in terms of corporate governance, the ownership structure is concentrated in the Nabeiro family. Consequently, there might be more freedom for moral motivations to play an important role in Delta when comparing with other corporations where the ownership structure is dispersed and different opinions regarding CSR may emerge. In this sense, if the chairman himself, Comendador Nabeiro, has an altruistic attitude, then the impact on profitability generated through CSR practices may not be considered a first priority. This also may justify why Delta remains in Campo Maior, the hometown of Nabeiro family, and was never sold, despite the return for shareholders that could be generated by the proposals already made.

However, one can point out corporate benefits from Delta CSR policies, which may indicate the presence of *instrumental motives*. For example, there is the managerial awareness that Timor community involvement has leveraged Delta's image and reputation. Moreover, Delta included social initiatives (Timor) and external recognition (SA 8000) in its promotional campaigns (Exhibit 12). Additionally, cause-related marketing initiatives as *Tempo para Dar* in 2009 are commonly undertaken and have a positive impact on consumer loyalty by associating the corporate image to social causes⁵⁹. Moreover, corporate social responsibility practices are associated with the consecutive nominations of Delta as the most trusted coffee

⁵⁹ Brønn and Vrioni, 2001

brand in Portugal⁶⁰. In terms of cost and risk reduction, one can denote an effort to achieve eco-efficiency, being one of the most obvious examples the replacement of the distribution from Campo Maior to Lisbon from trucks to train, that reduced the costs and diminished the corporate footprint. Finally, Delta is reaching new markets by launching a sustainable coffee line with national fair trade and organic coffee being part of Portuguese supermarket shelves⁶¹.

Moreover, Delta has been reorganizing the way they engage in CSR, since 2001/2002, with the emergence of the CODES when *institutional pressure* in Portugal rose by the presence of institutions such as WBCSD, Grace, and the establishment of an European Framework for CSR⁶², by the sustainability reports emergence and by more actively led CSR discussion. It was also when norms as ISO 14001 and UN Global Compact started to be adopted by Delta, making the company improve its sustainability practices in order to comply with them.

Finally, the Professor may comment that there is no clear conclusion that CSR has a positive impact on company profitability but that studies point for companies that engage in CSR to not underperform. Moreover, the need for legitimacy by influencing a company's licence to operate can also be addressed as benefit interrelated with institutional pressures.

RQ2: How do companies integrate CSR into their strategy⁶³?

Firstly, the Professor could clarify that strategic CSR (Figure 3) is related with the simultaneous creation of both economic and social value (shared value) while enhancing the competitive context (Figure 4) which may be achieved by either restructuring the value chain or using philanthropy strategically. However, companies can address CSR in a non-strategic way, responsive CSR, through harm mitigation from value chain and philanthropic expenditures that do not affect the competitive context (generic social impacts). Although this is a valid approach, strategic CSR is considered to be more efficient (Porter and Kramer, 2002, 2006). The shared value creation is deeper explored on the article of 2011 as the concept of creating shared value (CSV). CSV is profit driven, striving to address social issues while producing higher economic benefits than costs. Additionally, CSV must be strategically

⁶⁰ <http://www.marcasdeconfianca.seleccoes.pt/Marcas/Delta.aspx?id=Delta&ano=2011#imagem> (22/01/2012)

⁶¹ Employee morale and loyalty is perceived to be enhanced by social initiatives as corporate volunteering as explained in TQ6.

⁶² World Business Council for Sustainable Development (WBCSD), GRACE and European Commission, 2001

⁶³ To answer these questions, the students should rely on the articles of Porter and Kramer (2002, 2006, 2011).

integrated in regular business practices, requiring the existence of tailored metrics for social impact. In opposite terms (Figure 5), the CSR spectrum includes costly practices, as pure philanthropy with no strategic focus, which may be difficult to sustain in the long-run. (Porter and Kramer, 2001)

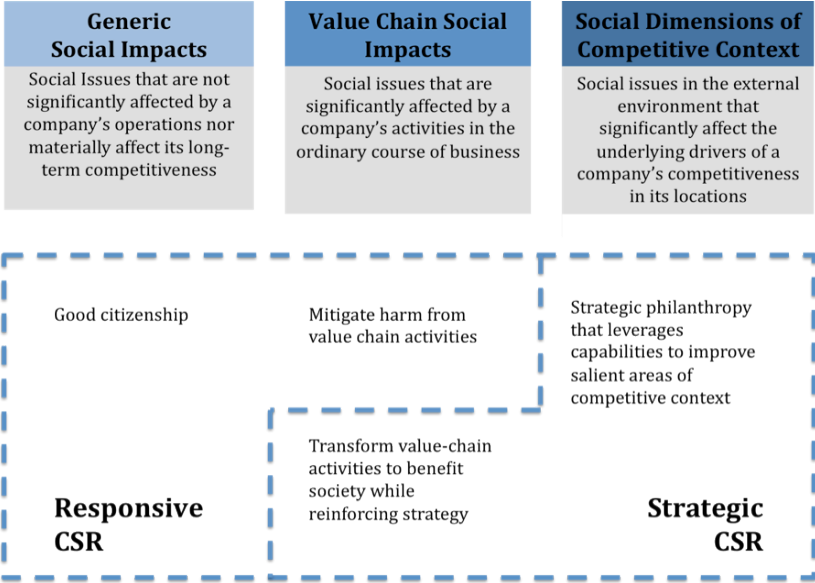


Figure 3 - Responsive vs Strategic CSR - Porter and Kramer (2006)

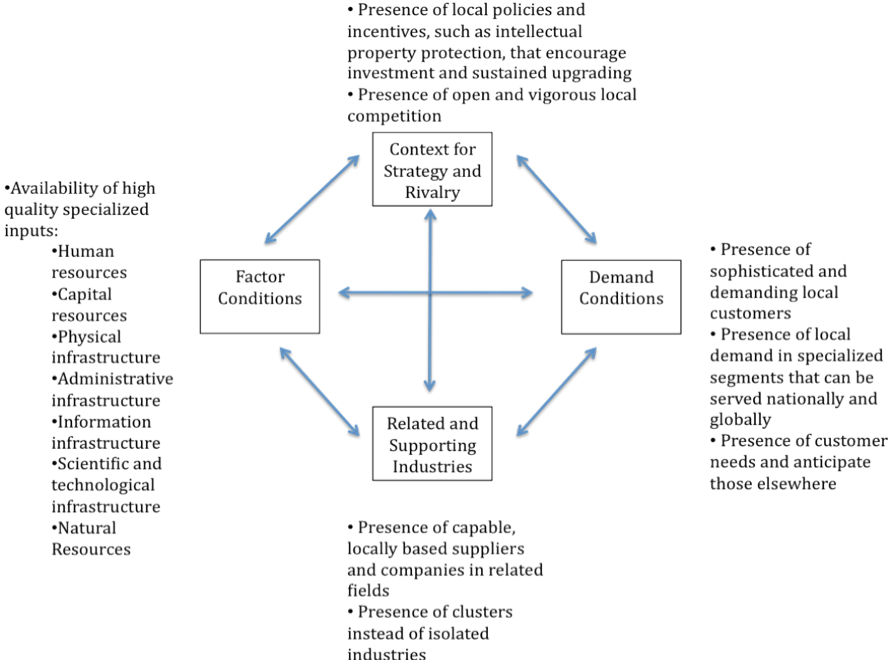


Figure 4 - Competitive context of a firm - Porter (1990) in Porter and Kramer (2002)



Figure 5 - Corporate Social Responsibility vs Creating Shared Value - Porter and Kramer (2011)

TQ2: How is CSR integrated in Delta strategy and organizational structure? How are stakeholders' expectations managed and integrated?

In this question, the Professor should mention the presence of the Sustainability Committee and the Sustainability Team in Delta, with a manager in charge for daily supervision. The Sustainability Team regularly meets, monitors and reports to the sustainability manager. Conversely, every three months, the Sustainability Committee sets up the strategies for Delta social agenda (Figure 6). Social and economic points of intersection are mainly identified through close stakeholder dialogue, adopted through a human face management approach and enhanced by communication channels and surveys about Delta sustainability reporting performance (Exhibit 11). Besides including corporate directors as marketing and financial, the sustainability team is also composed by the director of Coração Delta. Hence, community involvement is inherently aligned and strategically integrated with normal business practices, allowing for better social needs recognition and integration of inside-out and outside-in practices in CSR terms, for competitive context assessment and philanthropic activities alignment to corporate strategy (Figure 6). Although the social impact of Coração Delta is more notorious in Campo Maior, the company is nationally expanding its CCI practices through *Tempo para Dar*, in order to better communicate corporate values to all its employees. Similarly, Delta is including a network of Sustainability Ambassadors in its commercial departments. Finally, Delta adds a social dimension to the value proposition by fostering value creation to its stakeholders through responsible business model and by adding social responsibility and sustainability as corporate values.



Figure 6 - How to integrate philanthropy and CSR strategically, Porter and Kramer (2002, 2006)

TQ3: In what areas do you consider that Delta is addressing its CSR in a strategic rather than responsive way? Try to come out with one example for: harm mitigation, "good citizenship", value chain transformation and strategic philanthropy with competitive context enhancement.

TQ3.1: In its corporate mission, Delta aims to create shared value to its stakeholders. To what extent is Delta creating shared value (CSV), according to Porter and Kramer (2011)?

Through the case-study it is possible to conclude that Delta has responsive and strategic CSR practices. Regarding responsive CSR, some examples may arise in terms of harm mitigation in the value chain as (Exhibit 13, Figure 7): establishing practices to reduce energy consumption (operations), and to reduce and recycle disposals (outbound logistics). As good citizenship practices, lacking strategic focus, one can identify for example the elements of philanthropic CCI stage (Table 10 - TQ4) as the charitable donations for AIESEC.



Figure 7 - Porter's Value Chain - Porter (1985) in Porter et al. (2007)

Regarding Strategic CSR and taking into account the framework developed by Porter and Kramer (2006, 2011) it is possible to come out with the following analysis (Table 2) regarding the value chain (Figure 3 and 8).

Table 2 - Shared value creation in the value chain

Strategic CSR - transform the value chain	Shared Value - redefine productivity in the value chain	Delta Value Chain Activities
Primary Activities		
Inbound Logistics	Distribution	- Replacing coffee transportation from Lisbon-Campo Maior from trucks to train, which reduces gas emissions (social benefits) and transportation costs for Delta (economic benefits)
Outbound Logistics	Distribution	- Replacing to train from Lisbon to Campo Maior
Secondary Activities		
Human Resources Management	Employee Productivity	- Promoting employees welfare - eg. health insurance and competitive wages (social benefit) which enhances the competitive context by attracting talent and has a positive impact on productivity - eg. low and constant absence rate - 3% ⁶⁴ in Delta (economic benefit). Moreover, as Delta employs half of Campo Maior workforce, it also has an impact on the community itself by fostering family income in the region
Procurement	Procurement	- Investment in local suppliers through workforces' skill development (social benefit) in developing countries - eg. Timor initiative and Angonabeiro - while obtaining higher quality coffee (economic benefit) - Fostering biodiversity by buying certified sustainable coffee (social benefit) that is then sold through Delta's sustainable coffee product line (economic benefits)

In terms of *Location*, being in Campo Maior, close to the border, turned out to be a benefit rather than a constraint for Delta, who achieved success in the Portuguese and Spanish markets. By being a part of Nabeiro Group, Delta has been benefiting from *Cluster Development*, a second source for CSV, through the presence of retail and distribution industries in Campo Maior. In terms of *Reconceiving Products and Markets*, the third source

⁶⁴ Delta Cafés, Sustainability Report, 2009

of CSV, Delta is boosting sales through its sustainable and organic coffee line (economic benefit), at the same time that it promotes the consumption of environmentally friendly products (social benefit).



Figure 8 - How to create shared value, Porter and Kramer (2011)

In fact, it is possible to identify some areas where Delta is enhancing competitive context (Figure 4, Table 3), either through strategic philanthropy or regular business practices.

Table 3 - Delta's influence on the competitive context of Campo Maior

Enhancing Competitive Context	
Factor Conditions (In this case, factor conditions are enhanced through strategic philanthropy)	<p>Human resources: Through ANEC, Delta is providing quality education and teaching entrepreneurship to circa 14% of the child population in Campo Maior between 3-12, improving education conditions and skill development in the municipality and probably to future Delta employees.</p> <p>Physical Infrastructure: Delta invested in natural gas supply and financed its extension to all the municipality of Campo Maior, enabling cluster development that can now have access to a cleaner and alternative energy source; it also had a positive impact on residents' life conditions.</p>
Demand Conditions	Sophistication of local demand: By introducing sustainable, organic and fair trade coffee product lines in Portuguese supermarkets
Related and supporting industries	Locally based suppliers and companies in related fields: Through Nabeiro Group, Delta has a cluster setting in Campo Maior allowing for synergies and greater social impact. For example, Nabeiro Group is present in the retail industry (to sell Delta coffee through local supermarkets) and also produces awnings in Campo Maior that are present in the coffee shops that are Delta's clients.

Concluding, it seems that Delta is on the path to shared value creation. The way it interprets the concept overlaps in some points with Porter and Kramer's framework as the corporate mission relies on being responsible and creating shared value. Delta is not only being socially responsible by mitigating harm, being a "good citizen" and sharing the value already created (eg. fair trade), which is desirable despite not being CSV, but it is also able to pursue social issues in a strategic way while creating economic value at the same time (eg. procurement, distribution). However, it is not possible through the case study to truly evaluate if the economic benefits are higher than the costs, a requirement in Porter and Kramer (2011) in the social practices mentioned as CSV. Thus, as a monitoring and reporting system is not yet fully in practice, one can only conclude that Delta is in the path of creating shared value according to Porter and Kramer (2011).

RQ3: How do companies manage their community involvement in order to create value for the company and for the community itself?

TQ4: How is community involvement integrated into Delta organizational structure? What are the advantages and disadvantages that can come from Coração Delta being a close partner to Delta and from the partnerships with external NGOs?

CCI in Delta is managed through Coração Delta, an in-house project and specific CCI department, due to the large amount of social investment. This option may benefit Delta in terms of economies of scale, benefits of specialization and employee involvement. Also, and to foster mission and management alignment, Coração Delta plays a prominent role in the Sustainable Committee and Team, allowing for constant feedback between both, and consequently for better strategic alignment of social initiatives regarding Delta's objectives.

Coração Delta thus functions as an intermediary, by being specialized in managing and identifying the most prominent social issues to be addressed and communicating it to Delta. Coração Delta is in charge of establishing long-term partnerships with high-quality and specialized NGOs (Table 4) and sharing resources with them. When there is no organization facing the issues Delta wants to address, Coração Delta itself assumes the command and plans the investment in workforce or infrastructure, as happened with ANEC and child intervention.

Table 4 - Coração Delta partnering with Delta and NGOs (advantages and disadvantages)

Coração Delta partnering with	Advantages	Disadvantages
Delta Cafés	<ul style="list-style-type: none"> - Reputation for being associated to a nationally recognized brand providing credibility for partnership establishment - Access to corporate networks that may create synergies and expand possibilities for collaboration - Access to resources, either financial or business knowledge and skills sharing, providing higher efficiency and more outcomes 	<ul style="list-style-type: none"> - Resource dependence by being mainly financed by Delta. If resource allocation fails, it will not be possible to sustain certain social projects or in the worst case scenario, Coração Delta itself
Local NGOs	<ul style="list-style-type: none"> - Access to extended networks and to resources either physical infrastructure and skilled workforce in terms of how to deal with the target social issue. 	<ul style="list-style-type: none"> - Divergent perspectives in terms of goals, resource allocation and expectations, which may be a source of conflict.

TQ5: What are the main community involvement activities types that Delta has in practice and what are its target areas and regions?

Delta's social initiatives mainly address issues at a national level, having also a strong focus in Campo Maior and Alto Alentejo and are primarily related with Health and Education (Table 5). When analysing through Austin's evolutionary stages one can denote, regarding the philanthropic stage, charitable donations in the form of cash donations to NGOs (eg. Spanish league against cancer). Additionally, Delta promotes initiatives from the transactional stage, such as cause-related marketing like *Tempo para Dar* campaign, during the partnership with Sic Esperança in 2009. It also includes socio-sponsorship initiatives as the dream factory, by encouraging fund raising, which provides reputational benefits for the corporation. However, Delta is mainly relying on partnerships (integrative stage) with NGOs and civic organizations in its CCI agenda, such as the prison intervention where damaged coffee machines are fixed by prisoners in Lisbon, granting them paid work and technical and social skills

Table 5 - Delta's CCI activities according to Austin's framework

Social Initiative	Target Area	Region	Initiative type	Austin's Stage
ANEC	Education	Campo Maior	Partnership	Integrative
Entrepreneurship Manual	Education	Regional/National	Partnership	
Early intervention	Child Health	Regional	Partnership	
Corporate volunteering	Social Exclusion (eg.Elderly)	National	Employee Volunteering	
EXITE	Education	Campo Maior	Partnership	
Intervention in prisons	Social Exclusion	Lisbon	Partnership	
Dream factory	Child Health	National	Socio-sponsorship	Transactional
Poppy's mission	Health	National	Socio-sponsorship	
Sugar packets campaigns	Several areas	National	Social Marketing	
Tempo para Dar	Social Exclusion (Elderly)	National	Cause Related marketing	
Other (eg.AIESEC support)	Several areas	International	Charitable donations	Philanthropic

TQ6: To what extent are Delta community involvement programmes providing mutual economic and social benefit? For this question consider the ANEC and *Tempo para Dar*.

ANEC and the employee volunteer programme are particular social initiatives when it comes to the social benefits that they provide (Table 6). In fact, those programmes provide a double social benefit: for the internal community, addressing employees' needs and expectations and for the external community, addressing the social issues it faces.

Table 6 - Social and Corporate Benefits from ANEC and Employee Volunteering

	Social Benefits		Corporate Benefits
	Employee benefits	Community benefits	
ANEC	<ul style="list-style-type: none"> - Perceived higher employee satisfaction, loyalty and sense of commitment towards Delta. - Allows for a better alignment between professional and personal life. - Easy access to high quality education for their children. 	<ul style="list-style-type: none"> - Better educational level in the municipality and in the region, by the partnership with local schools to expand child entrepreneurship teaching - Allows for better coordination between personal and professional lives, which improves well-being in the community. 	<ul style="list-style-type: none"> - Enhancing the competitive context by having long-term access to more skilled workforce - Perceived increase in employee productivity by enhancing employee morale and loyalty. - Allows retaining and attracting talent by improving life quality in Campo Maior
Employee Volunteering <i>Tempo para Dar</i>	<ul style="list-style-type: none"> - Perceived higher employee satisfaction, loyalty and sense of commitment towards Delta. - Opportunity to contribute for a noble cause, during working hours. - Allows for a better alignment between professional and personal life (volunteering intentions). 	<ul style="list-style-type: none"> - Contribution for one of the most prominent social issues in Portugal - elderly isolation - Local NGOs have higher access to resources (volunteering time and money, since each volunteer makes an effort to identify the needs of the elderly and the NGO's with which he collaborates) 	<ul style="list-style-type: none"> - Employee productivity by enhancing employee morale and loyalty. - Reaching employees in the national level, gathering efforts to address the same social need in a more efficient way and enhancing social responsible behaviour throughout the firm. - Building partnerships with local NGOs and enhancing networks, trusts and collaborative norms for future projects in the local areas where Delta is not as present as it is in Campo Maior, allowing for a more effective way to expand the community model that exists in the corporations' home town.

TQ7: What recommendations could you address to Delta in this regard?

To better align its social issues strategically, Delta may rigorously evaluate the social impact and corporate resource allocation for each social initiative. This would allow to address efficiency gaps, as well as to understand if a social activity is providing the expected results. Social impact assessment has not yet been developed by Delta, despite the corporate intentions, which is partially comprehensible as the major initiatives are recent: ANEC started in 2007 and *Tempo para Dar* in 2010. Moreover, a monitoring system and social impact assessment model is considered to be as hard as ambiguous to apply. In order to fight these problems back, corporations are adopting frameworks recently developed for this purpose. Of all existing frameworks to measure community involvement, the Professor could mention the LBG model and SROI⁶⁵ to stimulate students' self-learning about its potentials and limitations.

⁶⁵ LBG (London Benchmarking Group) is a measurement model for community investment that takes into account cash, in-kind, time and long-term outcomes expected in terms of CCI (www.lbg-online.net/); SROI tries to fight back the lack of consistency in measuring social value. It is a quantifiable tool to measure impact on stakeholder by involving them and using financial proxies for social indicators and making performance comparison and independent verification (www.thesroinetwork.org/)

Part III - Building critical reasoning and bringing debate to class (10-15 minutes)

What is your opinion about CSR's relevance? Take into consideration the harmful economic conditions of Portugal and how it challenges Delta CSR approach.

After acknowledging and applying the notion of strategic CSR to Delta's case, understanding the corporate motivations for CSR, how CCI is integrated and special characteristics about Delta, students have now the tools to build a structured argument to address the case challenge. In fact, unfavourable economic conditions are connected with less resource allocation to CSR (Campbell, 2007). With the harmful times Portugal is facing and with a lot of coffee shops and restaurants closing⁶⁶, Delta is losing clients in the sector where it is a market leader. In this sense, Delta may see its economic resource compromised and have to decide how to better reallocate them. For Carroll (1991), the first social responsibility of Delta is to be economically viable in order to sustain jobs and wealth creation. Usually falling apart from corporate business practices, CSR would not be, in this sense, a priority to reallocate expenses and social initiatives promoted by Delta could be compromised. However, the company feels that its social responsibility increased in the time of crisis and values the preservation of its social commitments. Regarding this challenge, the importance for shared value creation and strategic integration of CSR is sustained by the need to enhance long-term commitments related with business practices and the ability to enhance productivity. Moreover, with a rigorous evaluation system, if, in the worst-case scenario, cuts have to happen, the corporation would be able to identify the less attractive initiatives in terms of social-economic benefits trade-offs and better justify its decision to stakeholders. Therefore, in order to guarantee that CSR practices are sustainable and not compromised by external factors as economic environment, the corporation should find sources of shared value creation. As Delta is already integrating CSR strategically, it probably will not be as compromised as a company not taking this approach. As Comendador Nabeiro expressed at the end of the interview:

It is not only when we are going through a crisis that the company shows availability, we should always display readiness. This is what we have been doing right from the beginning, because there will always be needs and we have to be there to help. We all have the obligation of working on these issues, developing and building social responsibility.

Hence, being shareholders the Nabeiro family, with an altruistic patriarch as Comendador Nabeiro, perhaps Delta will be stimulated to sustain extra expenses temporarily in order to keep its social commitments alive and to address the rising social needs.

⁶⁶ <http://www.rtp.pt/noticias/index.php?article=524641&tm=6&layout=122&visual=61>

Chapter 5: Conclusions, Limitations and Future Research

5.1 Conclusions

Founded in 1961, Delta has been always embracing CSR, through the strong social commitment, dreams and ambitions of a leader as charismatic and altruistic as Comendador Nabeiro. However, Delta's CSR seems not only to be embedded in the corporate DNA throughout the company's practices, but also to have created a synergistic relationship with the community in which it operates.

In order to understand how that community value could be created, general and broadened research questions were identified to meet the aim of this dissertation. The first one relied on corporate motivations to enrol in social initiatives. In Delta's case it is concluded that moral motivations play a prominent role, alongside with institutional and instrumental ones, due to the altruistic values of Comendador Nabeiro. During the analysis it is also suggested that, being the shareholder the Nabeiro family, social compromise with their local community and hometown will be enhanced.

The second question was to understand how this strategic integration is made in order to generate shared value creation. Through Delta's Sustainability Committee, CSR integration is playing a prominent role, with the company itself aligning its social goals with Coração Delta. Throughout the case, shared value opportunities were identified, such as the partnerships with local coffee producers in developing countries, which promote skill development and allow for more efficiency and quality in procurement practices.

The last question was to understand how community involvement practices, as lying outside of the value-chain scope, could be also a source of simultaneous economic and social benefits. The unit of analysis mainly relied on two initiatives from Coração Delta: ANEC and *Tempo para Dar*. Those initiatives allow Delta to create a double social initiative for its internal community (employees) and local community. At the same time it enhances its competitive context through ANEC by contributing to a high quality and innovative educational support, Delta is balancing its employees' professional and personal lives. Furthermore, *Tempo para Dar* is a first step to ensure a CSR culture at a national level, by involving a higher number of Delta's employees to volunteer for the same prominent social cause: elderly isolation.

There is one fact about Delta and Campo Maior that one cannot dismiss: the community impact overlaps with employee social impact, since Delta employs 30% of Campo Maior. Hence, due to this reason, the prevalence of a win-win business-community relationship seems to come naturally, as by investing in the community's welfare, Delta is investing in its employees welfare, which may drive productivity and retain talented workforce. This win-win proposition is recognised by managers at Delta and demonstrated by the fact that Campo Maior is the only municipality with a population growth in the Alto Alentejo region in the last decade. Moreover, Delta's business success keeps expanding profitably and growing; growing simultaneously with the community.

Concluding, shared value seems to be the future path in a way that would allow social issues to be embedded in business practices and an efficient way to correspond to the challenges that the current Portuguese economic crisis may bring to Delta's social initiatives. From the case, Delta appears to be on the CSV path, but there are still improvement opportunities, in order to fully embrace it, as the need to create rigorous social impact measurement practices. Finally, and regarding the problem statement, it seems that businesses have the tools to create simultaneous social and economic value with their communities, within a long-term and sustainable perspective, with Delta constituting an example that businesses may do well, by doing good.

5.2 Limitations and Future Research

The first limitation is related with the fact that the methodology adopted was a case-study, namely relying on one company only, and so, the context, data and its availability are conditioned to the company chosen. Therefore, the conclusions are determined by Delta's CSR approach, leaving no space for generalization. However, despite this limitation, this case required a considerable amount of data gathering about Delta and may constitute a valuable resource for future researchers who may be interested in studying the company.

The information retrieved during research upon which the dissertation was built, consisted mainly of secondary data, publicly available, and information provided by Delta. Primary data was only collected in the form of interviews with relevant decision makers in the company. The lack of other data collection sources, namely quantity research methods, as in the form of surveys or focus group, constitutes a limitation to this dissertation, as case-studies and qualitative research may also be a source of bias (Yin, 2009). Although corporate practices

that may create shared value are mentioned, concrete data was not available at the time of the dissertation. With regards to community involvement this is partially driven to the fact that ANEC and *Tempo para Dar* are recent initiatives. Therefore, impact measurement was addressed as a recommendation in the teaching case.

Furthermore, some limitations dwell within the research topic itself. CSR is a contentious issue and there are several proposed definitions. Its inherent ambiguity leads to different perspectives that, in turn, hold back further development in the area. Moreover there are no standardized ways of measuring the impact of CSR policies, maybe due to its qualitative nature and the lack of consistent studies and standardized methodology, mainly with regards to business-community relations (Bowen et al., 2010).

As avenues for future research, social impact evaluation using quantitative research methods on Delta's CSR initiatives is remarked as a natural step to take, and would be pertinent in the future when social projects as ANEC and *Tempo para Dar* will have a significant amount of historical data. In addition, it would be relevant to expand this study to other companies and to better understand to what extent is the shared value perspective applicable and its sources of limitations. Moreover, to study how companies in different sectors and national contexts are reacting to the present context of crisis would be of great relevance in order to better comprehend how the CSR concept and practices will evolve.

REFERENCE LIST

Articles and Books:

- Aguilera, R. V., Rupp, D. E., Williams, C. A., and Ganapathi, J., 2007. Putting the S Back in Corporate Social Responsibility: A Multilevel Theory of Social Change in Organizations. *Academy of Management Review*, 32, pp.836–863.
- Argandoña, A. and H. von Weltzien Hoivik, 2009. Corporate Social Responsibility: one size does not fit all. Collecting Evidence from Europe. *Journal of Business Ethics* 89, pp. 221-234.
- Angus-Leppan, T., Metcalf, L. and Bern, S., 2010. Leadership Styles and CSR Practice: An Examination of Sensemaking, Institutional Drivers and CSR Leadership. *Journal of Business Ethics*, 93, pp. 189-213.
- Arksey, H. and Knight, P., 1999. *Interviewing for Social Scientists: An Introductory Resource with Examples*. Sage Publications.
- Austin, J., 2000. *The Collaboration Challenge: How Nonprofits and Business Succeed Through Strategic Alliances*. San Francisco: Jossey-Bass Publishers.
- Berger, I.E., Cunningham, P.H., Drumwright, M.E., 2004. Social Alliances: Company/Nonprofit Collaboration. *California Management Review*, 47(1), pp. 58-90.
- Bhattacharya, C.B., Sen, S. and Korschun, D., 2008. Using Corporate Social Responsibility to Win the War of Talent. *MIT Sloan Management Review*, 49(2), pp. 37-44.
- Bowen, F., Newenham-Kahindi, A. and Herremans, I., 2010. When Suits Meet Roots: The Antecedents and Consequences of Community Engagement Strategy. *Journal of Business Ethics*, 95, pp. 297-318.
- Bonini, S.M.J., Mendonca, L.T. and Oppenheim, J.M., 2006. When Social Issues become Strategic. *The McKinsey Quarterly*, 2, pp. 19-31.
- Brammer, S. and Millington, A., 2003. The Effect of Stakeholder Preferences, Organizational Structure and Industry Type on Corporate Community Involvement. *Journal of Business Ethics*, 45, pp. 213-226.
- Branco, M.C. and Rodrigues, L.L., 2006. Corporate Social Responsibility and Resource-Based Perspective. *Journal of Business Ethics*, 69, pp. 111-132.
- Brønn, P.S. and Vidaver-Cohen, D., 2009. Corporate Motives for Social Initiative: Legitimacy, Sustainability, or the Bottom Line?. *Journal of Business Ethics*, 87, pp. 91-109.
- Brønn, P.S. and Vrioni, A.B., 2001. Corporate Social Responsibility and Cause-Related Marketing: an Overview. *International Journal of Advertising*, 20(2), pp. 207-222.
- Campbell, J.L., 2007. Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility. *Academy of Management Review*, 32(3), pp. 946-967.
- Carroll, A. B. and Shabana, K. M., 2010. The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Review*, 12(1), pp. 86-105.
- Carroll, A.B., 1979. A Three Dimensional Model of Corporate Performance. *Academy of Management Review*, 4, pp. 497-505.

- Carroll, A.B., 1991. The Pyramid of Social Responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), pp. 39-48.
- Carroll, A.B., 1999. Corporate Social Responsibility - Evolution of a Definitional Construct. *Business and Society*, 38, pp. 268-295.
- CSR Europe, 2010. A Guide to CSR in Europe: Country Insights by CSR Europe's National Partner Organisations. *CSR Europe*, October 2010.
- Davis, K., 1960. Can Business Afford to Ignore Social Responsibilities?. *California Management Review*, 2, pp. 70-76.
- Davis, K., 1973. The Case for and Against Business Assumption of Social Responsibilities. *Academy of Management Journal*, 16(2), pp. 313-322.
- de Gilder, D., Schuyt, T. N.M. and Breedijk, M., 2005. Effects of an Employee Volunteering Program on the Work Force. The ABN-AMRO Case. *Journal of Business Ethics*, 61, pp. 143-152.
- Devinney, T.M., 2009. Is the Socially Responsible Corporation a Myth? The Good, the Bad, and the Ugly of Corporate Social Responsibility. *Academy of Management Perspectives*, 23(2), pp. 44-56.
- Drucker, P., 1984. The New Meaning of Corporate Social Responsibility. *California Management Review*, 26(2), pp. 53-63.
- Ellet, W., 2007. "How to Write a Case-Based Essay", Harvard Business School.
- European Commission, 2001. Green Paper. Promoting a European Framework for Corporate Social Responsibility. *European Commission*, Brussels.
- European Commission, 2011. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions- A renewed EU strategy 2011-14 for Corporate Social Responsibility. *European Commission*, Brussels.
- Freeman, R. E., 1984. *Strategic Management: A Stakeholder Approach*. Englewood Cliffs, NJ: Prentice-Hall.
- Friedman, M., 1970. The Social Responsibility of Business is to Increase its Profits. *New York Times Magazine*, September 13th, pp.32-33, p.122, p.126.
- Garcia, J. and Nabeiro, November 2009. *10 Passos para Chegar ao Topo, todo o Empreendedor tem o seu Evereste*. Alfragide: Editora Caderno.
- Garriga, E. and Melé, D., 2004. Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*, 53, pp. 51-71.
- Godfrey, P.C, Merrill, C.B., Hansen, J.M., 2009. The Relationship between Corporate Social Responsibility and Shareholder Value: An Empirical Test of The Risk Management Hypothesis. *Strategic Management Journal*, 30, pp. 425-445.
- Godos-Díez, J.L., Fernández-Gago, R. and Martínez-Campillo, A., 2011. How Important Are CEOs to CSR Practices? An Analysis of the Mediating Effect of the Perceived Role of Ethics and Social Responsibility. *Journal of Business Ethics*, 98, pp. 531-548.
- Groza, M.D., Pronschinske, M.R and Walker, M., 2011. Perceived Organizational Motives and Consumer Responses to Proactive and Reactive CSR. *Journal of Business Ethics*, 102, pp. 639-652.

- Hart, S.L. and Milstein, M.B., 2003. Creating Sustainable Value. *Academy of Management Executive*, 17(2), pp. 56-69.
- Hemingway, C.A. and MacLagan, P.W., 2004. Managers' Personal Values as Drivers for Corporate Social Responsibility. *Journal of Business Ethics*, 50, pp. 33-44.
- Hess, D., Rogovsky, N. and Dunfee, T.W., 2002. The Next Wave of Corporate Community Involvement: Corporate Social Initiatives. *California Management Review*, 44(2), pp. 110-125.
- INE, 2010. Statistical Yearbook of Alentejo Region.
- Lantos, G.P., 2001. The Boundaries of Strategic Corporate Social Responsibility. *Journal of Consumer Marketing*, 18(7), pp. 595-630.
- Lee, M.P., 2008. A Review of Theories of Corporate Social Responsibility: its Evolutionary Path and the Road Ahead. *International Journal of Management Review*, 10(1), pp.53-73.
- Lee, M. P., 2011. Configuration of External Influences: The Combined Effects on Institutions and Stakeholders on Corporate Social Responsibility Strategies. *Journal of Business Ethics*, 102, pp. 281-298.
- Lin-Hi, N. 2010. The problem with a narrow-minded interpretation of CSR: Why CSR has nothing to do with philanthropy. *Journal of Applied Ethics*, 1(1), pp. 79-95.
- Maas, K. and Liket, K., 2011. Talk the Walk: Measuring the Impact of Strategic Philanthropy. *Journal of Business Ethics*, 100, pp. 445-464.
- Martin, R.L., 2002. The Virtue Matrix: Calculating the Return on Corporate Social Responsibility. *Harvard Business Review*, 80(3), pp. 69-75.
- Martin, R.L. and Kemper, A., 2010. After the fall: The Global Financial Crisis as a Test of Corporate Social Responsibility Theories. *European Management Review*, 7, pp. 229-239.
- Manubens, M., 2009. Corporate Social Responsibility in an Economic Crisis: An Opportunity for Renewal. *Global Business & Organizational Excellence*, 29(1), pp. 50-60.
- Matten, D. and Crane, A., 2005. Corporate Citizenship: Toward an extended theoretical conceptualization, *Academy of Management Review*, 30, pp. 166-179.
- Matten, D. and Moon, J., 2008. "Implicit" and "Explicit" CSR: a conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2), pp. 404-424.
- Mayo, A.J, and Benson, M. 2008. "Bill Gates and Steve Jobs." Harvard Business School
- Melo, T. and Galan, J.I., 2011. Effects of Corporate Social Responsibility on Brand Value. *Journal of Brand Management*, 18(6), pp. 423-437.
- Muthuri, J.N., Matten, D. and Moon, J., 2009. Employee Volunteering and Social Capital: Contributions to Corporate Social Responsibility. *British Journal of Management*, 20, pp. 75-89.
- Niehm L.S., Swinney, J. and Miller, N.J., 2008. Community Social Responsibility and its Consequences for Family Business Performance. *Journal of Small Business Management*, 46(3), pp. 331-350.
- Okoye, A., 2009. Theorising Corporate Social Responsibility as an Essential Contested Concept: Is a Definition Necessary?. *Journal of Business Ethics*, 89, pp. 613-627.
- Pajo, K. and Lee, L., 2011. Corporate-Social Volunteering: A Work Design Perspective. *Journal of Business Ethics*, 99, pp. 467-482.

- Peterson, D.K., 2004. Recruitment Strategies for Encouraging Participation in Corporate Volunteer Programs. *Journal of Business Ethics*, 49, pp. 371-386.
- Porter, M.E., 1985. *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Porter, M.E., 1990. *The Competitive Advantage of Nations*. New York: Free Press.
- Porter, M.E. and Kramer, M.R., 2002. The Competitive Advantage of Corporate Philanthropy. *Harvard Business Review*, 80(12), pp. 56-69.
- Porter, M.E. and Kramer, M.R., 2006. Strategy and society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), pp. 78-92.
- Porter, M.E. and Kramer, M.R., 2011. Creating Shared Value: How to Reinvent Capitalism and Unleash a Wave of Innovation and Growth. *Harvard Business Review*, 89(1/2), pp. 62-77.
- Porter, M.E. et al., 2007. Redefining Corporate Social Responsibility (HBR Article Collection). *Harvard Business Review*, 85(2), pp. 1-45.
- Prahalad, C.K. and Hammond, A., 2002. Serving the World's Poor, Profitably. *Harvard Business Review*, 6, pp. 48-57.
- Quelch J.A., Jocz K.E., 2009. Can Corporate Social Responsibility Survive Recession?. *Leader and Leader*, Summer 2009, 53, pp. 37-43.
- Rodrigues, J.V. et al., Setembro 2011. *Grupo Nabeiro, Gestão Sustentada e Sucesso Empresarial - 15 lições práticas de Gestão*. Bnomics.
- Roberts, M.J., 2001. Developing a Teaching Case. *Harvard Business School*.
- Seitanidi, M.M. and Ryan, A., 2007. A Critical Review of Forms of Corporate Community Involvement: from Philanthropy to Partnerships. *International Journal of Nonprofit and Voluntary Sector Marketing*, 12, pp. 247-266.
- Souto, B.F.F., 2009. Crisis and Corporate Social Responsibility: Threat or Opportunity?. *International Journal of Science and Applied Research*, 2(1), pp. 36-50.
- Spiller, 2000. Ethical Business and Investment: A Model for Business and Society. *Journal of Business Ethics*, 27, pp. 149-160.
- Tracey, P., Phillips, N. and Haugh, H., 2005. Beyond Philanthropy: Community Enterprise as a Basis for Corporate Citizenship. *Journal of Business Ethics*, 58, pp. 327-344.
- van der Voort, J.M, Glac, K. and Meijjs, L.C.P.M., 2009. "Managing" Corporate Community Involvement. *Journal of Business Ethics*, 90, pp. 311-329.
- Vogel, D.J., 2005. Is there a Market for Virtue? The Business Case of Corporate Social Responsibility. *California Management Review*, 47, pp. 19-45.
- Waddock, S.A. and Boyle, M., 1995. The Dynamics of Change in Corporate Community Relations. *California Management Review*, 37(4), pp. 125-140.
- Wheeler, D., Colbert, B. and Freeman, R.E., 2003. Focusing on Value: Reconciling Corporate Social Responsibility, Sustainability and a Stakeholder Approach in a Network World. *Journal of General Management*, 28(3), pp. 1-28.
- White, B., 2000. *Dissertation Skills for Business and Management Students*. South-Western Cengage Learning.
- Yin, R.K., 2009. *Case Study Research - Design and Methods*. 4th ed. California: Sage Publications.

- Zadek, S., 2004. The Path to Corporate Responsibility. *Harvard Business Review*, 82(12), pp. 125 – 132.

Websites:

- BSCD Portugal - <http://www.bcsdportugal.org/> [Accessed 01/12/2011].
- Código do Trabalho: http://www.cite.gov.pt/pt/legis/CodTrab_L1_004.html [Accessed 5/12/2012].
- CSR EUROPE: <http://www.csreurope.org/> [Accessed 01/12/2011].
- Delta: www.delta-cafes.pt [Accessed 20/02/2012].
- GRACE: <http://www.grace.pt/> [Accessed 01/12/2011].
- INE: <http://www.ine.pt/> [Accessed 05/12/2011].
- IPSS: http://fiadcpdfs.no.sapo.pt/DL_119-1983_Estatuto_das_IPSS.pdf Artigo 1 [Accessed 5/2/2012].
- LBG Model: www.lbg-online.net/ [Accessed 10/11/2011].
- Maneira da Delta: http://www.asp-secretarias.pt/images/Apresentacoes_XXVEn/Ap_Delta.pdf [Accessed 4/12/2011].
- Ordens Honoríficas Portuguesas: <http://www.ordens.presidencia.pt/> [Accessed 1/2/2012]
- Planeta Delta: <http://www.planetadelta.pt/> [Accessed 18/11/2011].
- Readers' Digest - Marcas de Confiança:
<http://www.marcasdeconfianca.seleccoes.pt/Marcas/Delta.aspx?id=Delta&ano=2011#imagem> [Accessed 22/01/2012].
- SA8000: <http://www.saasaccreditation.org/certSA8000.htm> [Accessed 8/12/2011].
- SROI: www.thesroinetwork.org/ [Accessed 10/11/2011].
- UN Global Compact:
http://www.unglobalcompact.org/NetworksAroundTheWorld/local_network_sheet/PT.html [Accessed 01/12/2011].
- Via Michelin: www.viamichelin.com/ [Accessed 9/2/2012].
- WBSCD: <http://www.wbcd.org/> [Accessed 01/12/2011].

News:

- Freitas, E., Martinho S., 2012. Um mês depois da subida do IVA muitos restaurantes começam a acusar falta de clientes. *RTP Notícias*, [online] 6/2/2012. Available at: <http://www.rtp.pt/noticias/index.php?article=524641&tm=6&layout=122&visual=61> [Accessed 9/2/2012].
- Barber, T., 2012. Portuguese debt looms over Europe. *The Financial Times*, [online] 31/1/2012. Available at: <http://www.ft.com/intl/cms/s/0/d2ab9c9a-4bfd-11e1-98dd-00144feabdc0.html#axzz1luS30dSi> [Accessed 9/2/2012].
- Radio Elvas. Census 2011: Campo Maior aumenta a população na última década. *Rádio Elvas*, [online] Available at: http://www.radioelvas.com/index.php?option=com_content&view=article&id=3150:census-2011-campo-maior-aumenta-populacao-na-ultima-decada&catid=1:regional&Itemid=25nte: [Accessed 6/2/2012]

Corporate reports:

- Associação Coração Delta, 2008. *Annual Report 2008*.
- Associação Coração Delta, 2009. *Annual Report 2009*.
- Associação Coração Delta, 2010. *Annual Report 2010*.
- Delta Cafés, 2010. *As boas práticas sociais e laborais*. [Online] Available at: http://www.esb.ucp.pt/twt/WebDriveAgenda21/Gallery/1_Agueda_14_Dezembroc4491dd915c0/1_Agueda_14_Dezembro.pdf [Accessed 31/01/2012].
- Delta Cafés, 2002. *Social Report* [Online] Available at: <http://www.planetadelta.pt/> [Accessed 8/11/2011].
- Delta Cafés, 2004. *Sustainability Report 2003-2004* [Online] Available at: <http://www.planetadelta.pt/> [Accessed 8/11/2011].
- Delta Cafés, 2005. *Sustainability Report 2004-2005* [Online] Available at: <http://www.planetadelta.pt/> [Accessed 8/11/2011].
- Delta Cafés, 2007. *Sustainability Report 2007* [Online] Available at: <http://www.planetadelta.pt/> [Accessed 8/11/2011].
- Delta Cafés, 2009. *Sustainability Report 2008-2009* [Online] Available at: <http://www.planetadelta.pt/> [Accessed 8/11/2011].
- Delta SGPS, 2010. *Annual Report 2010*.
- Grace, Dezembro 2011. Primeiros passos: guia prático para a responsabilidade social das empresas. [Online] Available at: http://www.cite.gov.pt/pt/destaques/complementosDestqs/Guia_Resp_Empr.pdf [Accessed 15/2/2012].
- Novadelta, 2010. *Annual Report 2010*.
- Sair da Casca, 2011. *Projecto de reflexão, investigação e debate: O investimento das empresas na comunidade*. Available at: http://www.sairdacasca.com/pdfs/Conclusoes_Estudo.pdf [Accessed 03/01/2012].