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<p>This study focuses on explaining real-life practices of corporate sustainability. The purpose is approached through two case companies to provide empirical data on the subject and a thorough literature research for theory input. Introduction chapter creates the basis for this study and presents study purpose and provides grounds to determine the importance of the issue. Introduction also showcases corporate sustainability as a whole. Theory part focuses on profoundly explaining corporate sustainability implementation and measuring by looking into themes supporting them, like performance measuring theories. Corporate sustainability as a concept is a recent subject to science, but the increasing conversation around the issue and sustainability being the buzzword of today's world are constantly rising the profile of corporate sustainability research. Also some of the most renowned tools, like the GRI standards, for measuring and the most general indicators are explained and their importance in today's business reviewed.</p> <p>The study was conducted as a qualitative multiple case study. The primary data consisted of two semi-structured expert interviews on two different case companies. In addition, two publicly available sustainability reports were utilized as secondary re-search data. The data was analyzed thematically, by color-coding different themes and then forming groups from mentions of same topic. Further on the analysis and results discuss the empirical data in reflection with the insight from theory section.</p> <p>The findings of this study can be concluded into acknowledging and supporting the difference between real-life sustainability actions and academic literature and research. Especially implementation and measuring seem very structured and isolated parts of the sustainability process, but interviews left the impression that they are rather naturally-occurring parts of the process. They are generally not handled in an isolated manner, like theory section would. For this reason future suggestions to be carried on are reducing the isolated thinking and rather seeking the subjects in connection with nearby phenomena.</p>			
Key words	Corporate sustainability, performance measuring, implementation, SPMS		
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<p>Tämä tutkimus pyrkii tuottamaan näkemyksen siitä, kuinka organisaatioissa mitataan ja implementoidaan yritysten kokonaisvaltaiseen kestävyysnäkökulmaan liittyviä toimenpiteitä. Asiaa lähestytään tutkimalla sekä teoreettista näkökulmaa vastuullisuuden implementaatioon sekä mittaamiseen että käytännön kokemuksiin perustuvaa tietoa vastuullisuuden ammattilaisilta. Tutkimuksessa empiirisen tiedon lähteenä käytetään kahta case-yritystä, joita haastattelut käsittelevät sekä tutkimuskirjallisuutta ja -artikkeleita teoretisen lähteenä.</p> <p>Tutkimuksen alku keskittyy esittelemään yritysten vastuullisuutta kokonaisvaltaisesti ja luo pohjan tutkimusasettelulle ja aiheelle. Yritysten vastuullisuus käsitteenä on yhä jokseenkin uusi konsepti tutkimuskirjallisuudessa, mutta ajankohtainen keskustelu vastuullisuusteeman ympärillä nostaa aiheita jatkuvasti suurempaan ja tärkeämpään valokeilaan. Tietoa vastuullisuuden vaikutuksista esimerkiksi ilmastonmuutoksen kannalta tarvitaan lähitulevaisuudessa hyvin paljon.</p> <p>Haastattelut tarjosivat syvällistä tietoa siitä, kuinka organisaatio voi todellisuudessa toimia vastuullisesti ja kehittää vastuullisuuttaan. Haastattelut suoritettiin sekä kasvotusten että Skypen välityksellä. Sekundääriaineisto muodostui kahden eri yrityksen kestävyysraportista, joita käytettiin tukemaan ja täydentämään haastatteluista saavutettua dataa.</p> <p>Tutkimuksen lopputulemana on analyysi käytännön liike-elämän vastuullisuuskäytäntöjen ja teoreettisen vastuullisuusnäkökulman eroista ja yhteneväisyyksistä. Tulos keskittyy käytännön vastuullisuusosaamisen kuvailuun ja teoria tarjoaa osaltaan tukea. Implementointi ja mittaaminen vaikuttavat teorian valossa hyvin strukturoiduilta, rajatuilta kokonaisuuksilta, mutta todellisessa organisaation toiminnassa nämä vaiheet limittyvät ja esiintyvät vähemmän hallitussa muodossa. Tästä syystä tutkimus ehdottaa tulevaisuuden tutkimuksen suuntaviivoiksi perehtyä implementointiin ja mittaamiseen osana erilaisia suurempia kokonaisuuksia.</p>			
Asiasanat	Organisaatioiden vastuullisuus, yritysvastuu, kestävä kehitys, suorituskyvyn mittaaminen, implementointi, jalkauttaminen, SPMS		
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**UNIVERSITY
OF TURKU**

Turku School of
Economics

**CORPORATE SUSTAINABILITY
PERFORMANCE MEASURING AND
IMPLEMENTATION IN PRACTICE**

Master's Thesis
in International Business

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1 INTRODUCTION

1.1 Towards more sustainable business

Businesses globally are increasingly gaining interest in the issue of sustainability. Today, many realize the need for sustainable measures but the actual process and implementation of sustainability often lacks functionality. As corporate sustainability actions have been researched thoroughly, the field of the implementation process and knowledge of how companies do convert into thinking sustainably is still incoherent. There are no exact model or theory for going sustainable. Often the case is that everyone in a company knows what should happen, but it is not happening.

Today different organizations find it harder than ever before to stand out with their products and services. One of the seemingly-effective options to differ and stand out is to act more sustainably than competing organizations. The time has passed when the issue under discussion was if being sustainable is even an advantage to an organization, but today the discussion is about best practices to be sustainable. It might seem like sustainability as a concept is very recent innovation. The idea of sustainability and the notion why we need to act sustainably has been there for over 40 years. Meadows et al. (1972) were amongst the first to highlight the dangers of exploitation of natural resources and rapidly growing world population. Today, these issues, like many other discovered issues, remain as global threats. William Ruckelshaus, the United States Environmental Protection Agency's first administrator, has even compared the global shift to sustainable lifestyle to the Agricultural Revolution and the Industrial Revolution, those being unconscious, the aim to overall sustainability being highly conscious operation. On a global scale, undertaking the task of sustainability might be something that the humanity has not faced ever before. (Ruckelshaus 1989.)

Responsible investing and financial sector are actually to thank for the increasing popularity of corporate sustainability. This phenomenon has been visible in the financing sector for some time already, since the investors are on the look for sustainable and ethical investments. Investors are increasingly requesting more green investments. Goldman Sachs has studied attractiveness of sustainable investments and found out that the investment is likely to generate more value, if sustainability represents its core values guiding the business actions. (Hill & Seabrook 2013). The results of Goldman Sachs' study help breaking the typical association that sustainability actions increase operating costs. (Pryshlakivsky & Searcy 2015).

Today, behaving in a sustainable manner is voluntary for a company. Due to the customers' rising demand on sustainable products, sustainable behavior might soon be the new normal, while ignoring sustainability issues might become a disadvantage. The

expected market competition will eventually push companies to implement corporate sustainability into their daily operations. This way enforcing sustainability is also linked to enhancing long-term profitability of the company. (Hernádi 2012).

The increasing interest in corporate sustainability, and a growing market for sustainability performance measurement systems (SPMS), is partly a result of the rise of responsible investing (Gates & Germain 2010). Originally socially responsible investing (SRI) has its roots in various religious movements in the early nineteenth century (Berry & Junkus 2013). Back then the focus was mostly on social, human-related issues, but after the 1980s, when the popularity of SRI began to rise, the environmental aspect has been recognized as well. Despite the long history, SRI does not have a commonly accepted description – The Social Investment forum lists three strategies, that can somewhat be treated as a description: screening, shareholder advocacy and community investing. (Berry & Junkus 2013.) Generally, SRI reflects the increasing awareness towards social, ethical and corporate governance issues that can also include environmental aspect. Several studies have shown that there are no significant differences between SRI and conventional investment – this means, that while investing socially responsibly might not generate superior profitability, it does not either create lower profitability than conventional investments. (Lesser et al 2014.)

Motivations behind corporate sustainability can be for example addressing stakeholder requirements, improved image, improved employee motivation due to possibly matching core values, cost savings, reduced risk and engaging socially responsible investors. (Searcy 2011a, Artiach et al. 2010). One of the most important motivators are the mentioned cost savings. Amongst many, Cochran and Wood (1984), Russo and Fouts (1997) and Sun (2012) have studied the correlation between corporate social responsibility and financial performance. Given the largely supported opinion of increased financial performance, Artiach et al. (2010) also note the complexity of this association. They argue that there are often extra costs and opportunity costs generated from corporate sustainability, but the value created outruns the costs.

Corporate social responsibility (CSR) is a larger concept of responsibilities and additional benefits for stakeholders that includes corporate sustainability as a vital part of CSR. The studies imply that implementing sustainability into the business process is likely to promote the financial performance of a company. Deswanto and Siregar (2018) have taken the study of corporate sustainability and financial profitability further. They suggest that environmental disclosures do not correlate with increased market value and that disclosures do not mediate the effect of environmental performance on market value. Also, environmental disclosures do not affect on investor assessments. Instead, the actual environmental performance directly affects to the firm market value through positive company image. Environmental performance forms from a positive company image, supported by the firm's environmental performance rating. (Deswanto & Siregar 2018.)

There are also dissenting opinions on the relation between corporate sustainability performance and financial performance. Second perspective sees that corporate actions towards better sustainability generate extra costs (Becchetti et al. 2008). These additional costs can include improved employee conditions, new green practices, donations, community development and the opportunity cost of non-sustainable investments (Artiach et al. 2010). Despite noticing the possible negative correlation, Becchetti et al. (2008) also note the possible upsides of increased corporate sustainability performance. They address that the upsides can be for example enhanced involvement, motivation and drive towards company goals. The current literature sees that the opinion of corporate sustainable performance creating positive financial benefits is dominant due to the leading corporate sustainability performance organizations being more profitable than conventional organizations (Artiach et al. 2010).

Motivation to increased corporate sustainability might also be external and, in some cases, the actions towards better corporate sustainability are less voluntary than they seem. The term isomorphism is used to describe the process of different items becoming alike each other. Isomorphism has also been used to describe organizations adapting and approaching sustainability; organizations attempt to receive social legitimacy by complying with expectations, standards and guidelines (Boiral 2011, Chatterji & Toffel 2010). For example, adapting a sustainable management tool like complying with ISO 14001 standards might be regarded as an industry standard, while not complying would bring disadvantage to the organization. In this case the motivation behind increased level of corporate sustainability and more detailed measurement system might be external.

1.2 Why to measure business sustainability?

Often times when trying to create something new or introduce a new habit to an organization, for example, the plan of action is seen to be the most crucial and important part of the change. Of course the plan is very important and planning is a great chance to engage all stakeholders into the change process and examine the possible outcomes of the longed-for change. As important as a good plan is, the follow-up process might be even more important when looking forward into the future. The follow-up process during and after the planned change provides vital measurement the organization was not able to reach before. Measuring can for example mean studying if the plan came to life fully or only partially. What were the biggest mistakes or successes? Without a follow-up and measuring you cannot improve anything. Measuring provides important data for managerial purposes as well. After carefully studying the change process and drawing measurements on the level of success, the organization can learn something and improve their actions for the next time.

An old management wisdom says if you cannot measure it, you cannot manage it (Cooper & Edgett 2008; Ehrenfeld 2008). This still rings true in today's world. The ability to measure and compare brings ability to effectively manage different features of a business. Organizational performance measurement systems have been extensively discussed in the academic literature, but the design and implementation of such a system still remain as a problem in many organizations. (Searcy et al. 2008). A practical, comparable and cost-effective way to measure business sustainability is one of the keys to a better level of sustainability in organizations worldwide.

The issues of corporate sustainability reporting and indicators has been extensively researched and there are a large body of literature currently available on the field of sustainability. Despite that SPMS's have received less attention in academic research literature. (Pryshlakivsky & Searcy 2015). Sustainability performance as a concept might overlap with sustainability assessment, but the latter refers more to policy- and decisionmaking tool (Gibson 2006, 260). SPMS is a more recent subset of general performance measurement system which has been successfully used in various forms (Neely 2005). Searcy (2012) defines the concept of SPMS as follows "*a system of indicators that provides a corporation with information needed to help in the short and long-term management, controlling, planning, and performance of the economic, environmental, and social activities undertaken by the corporation*". The purpose of an SPMS is to improve the level of corporate sustainability.

Generally a basic performance measurement system is criticized accounting mostly for local optimization and financial performance, forgetting that organizations tend to have pluralistic goals and very dynamic internal and external environments. (Cory et al. 2008). In the context of sustainable development, these features are unwanted – an organizational sustainability performance measurement system should embrace the opposite of these features.

While the importance of integrated, non-financial quality measurements is improving, there are still problems in implementation. Searcy et al. (2008) highlight three different problems; system updates, maintaining commitment to the measures over time and establishing a governance structure for the monitoring of the system. The first problem refers to keeping the system up to date and topical, which means actively replacing old measures with better ones. The second and third problem are tied together through the shared goal of performance measurement system improvement and making the system an essential part of the organization.

Measuring corporate sustainability also has a larger purpose. When speaking of sustainable development on a global, universal level, for-profit companies play a key role. Often times individual countries, their governments and international agreements are seen as the muscle behind the change process, but the actual work to improve sustainability globally happens on company level because for-profit companies represent the productive

resources of the economy. (Bansal 2002). Not even the Paris Agreement or such can improve the level of sustainability without organizations and other stakeholders adopting the contents of the agreement and begin acting accordingly.

Due to these issues presented in this chapter it is important to search for ways to improve sustainability measuring in organizations. Measuring creates data and data provides information to manage an organization towards a higher level of sustainability. To ensure an ongoing process, measuring and managing should happen in a cyclical manner, by correcting and improving itself every time around.

Sustainability performance consists of performance measuring, performance managing and performance reporting. Sustainability performance managing pictures the act of systematically trying to reach better sustainability performance. Sustainability performance reporting, in turn, stands for organizations figuring out how to account for their sustainability performance. (Morioka & Monteiro de Carvalho 2016.) Two common examples of management and reporting are ISO 14001 standards and sustainability reports. Despite these two concepts of sustainability are highly interesting and relevant in the study of sustainability performance, this study will concentrate into the sustainability performance measuring and implementing. As the name indicates, sustainability performance measuring asks the question of how organizations can assess their sustainability performance. As previously stated, there cannot be either managing or reporting without having the measurements first. Implementation, in turn, is highly needed to fully utilize the results of measuring. For these reasons it is very important to study the concept of sustainability performance measuring.

1.3 Purpose of the study

While SPMS has been studied in terms of composure and form, the study on implementation and follow-up measurements is still partially insufficient. (Searcy 2011a.) Often a company is able to come up with a brilliant SPMS plan that looks good on paper, but when it comes to evaluating the success of the actual implementation process, the SPMS fails to reach all intended levels of action. This can be partly due to the insufficient amount of study on implementation and, as well, partly due to the lack of information on how to reliably measure the level of sustainability.

The goal of this study is to explain and understand the process of corporate sustainability with a clear focus on measuring and implementation. The purpose is to produce information on corporate sustainability practices in real life and in theory and analyze the two. This study concentrates on sustainable performance measurement systems (SPMS) and into understanding how this kind of system can create advantage and how the system can be efficiently implemented. Currently there is a solid amount of literature on creating

and planning an SPMS and on the benefits of an SPMS, but less literature on implementing and following the success of the SPMS. The same set of indicators will not work to their best potential on every field of business and in every company. On the other hand, a company will not benefit from using every single known indicator – that would make the SPMS way too complicated and unable to classify different issues. Global Reporting Initiative (GRI) offers the most popular and most extensively utilized set of indicators. Currently their G4 guidelines create the base for thousands of companies' SPMS and sustainability reporting. This study is not after new indicators, since the G4 guidelines offer a vast set of indicators for any field of business. Since this study is a case study, the research purpose can be interpreted as finding out and analyzing the differences and similarities between real-life corporate sustainability measuring and implementing and theory literature perspectives.

SPMSs are also greatly topical, so this study will as well contribute to the current conversation on sustainability. Environment protection, waste reduction, recycling, efficient resource use and decreasing air pollution are some of the issues that are under a global spotlight. Future competitive advantages most likely concern many sustainability questions and how to handle them most efficiently. Consumers globally are going to search purpose in their consumption – a growing number of young consumers are finding the meaning from green values that sit with their personal values. Sustainability, as a global issue, is also at a constant flux – new perspectives, ideas and innovations are gaining popularity and evolving right this minute. Even though sustainability is mostly recognized as a crucial issue in the long-term survival of the western lifestyle as it is, many sustainability actions and campaigns also face objection. By keeping sustainability as a commonly-spoken subject, maybe the opposing opinions will slowly start to diminish. One of the great challenges in the way of sustainable development is the fact that it is going to bring inevitable changes, and humans, by nature, tend to oppose great changes. With this in mind, this study aims to being topical.

2 CORPORATE SUSTAINABILITY

2.1 The concept of corporate sustainability

As Brundtland Report (1987) ties together the development of economic, ecological and social sustainability, is corporate sustainability derived from this original definition of sustainability. Corporate sustainability is sustainable development happening in organizational setting including the notion of stakeholder theory – a company should operate in favor to its stakeholders. By stakeholder theory, corporate sustainability performance investments generate positive financial benefits by managing stakeholders (Artiach et al. 2010). Currently there are no exact, universal definition for corporate sustainability, but many researchers (e.g. Elkington 1997, Wilson 2003, Dyllick and Hockerts 2002) have formed definitions with only slight differences to suit different conditions and situations.

The definition of corporate sustainability builds on the stakeholder theory by Freeman (1984). Freeman stated, that stakeholders are groups of people the company ceases to exist without. The core of the theory is the realization, that corporations have obligations to different groups, stakeholders, both internally and externally (Searcy 2012). These obligations form relationships in between the company and its external stakeholders, and strong relationships with external parties will make the business stronger. Those strong relationships are built on mutual respect and trust (Wilson 2003). The roots and history of the theory lie in the work of Adam Smith, Adolf Berle and Gardiner Means and Barnard. Stakeholder theory is a general concept for corporate planning, systems theory, corporate social responsibility and organization theory which in turn form strategic management. Performance measurement systems are one kind of strategic management, which means SPMS is a tool of strategic management. (Freeman 1984). As the stakeholder theory's core idea of obligations, corporate sustainability is a type of obligation carried out for the benefit of external stakeholder groups. The notion of stakeholder requirements drives the company towards acting sustainably and as effectively as possible, since a company's success adds up to the stakeholder's wellbeing. Different stakeholder groups are continuously and increasingly requiring more ethical business, which in turn means an increase in sustainability actions. (Searcy 2011b).

There are dozens of definitions for corporate sustainability in the research literature, but one of the most popular ones is from Dyllick and Hockerts (2002, 131): "*meeting the needs of the firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities, etc.), without compromising its ability to meet future stakeholder needs as well*". This definition is clearly built on to the established definition of sustainability from United Nation's Brundtland Report (1987): "*...development*

that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Another definition from Elkington (1997) relies to the triple bottom line approach, which consists of economic, social and environmental sustainability. Elkington (1997) defines corporate sustainability as a requirement for the company to reach high performance in all of the three fields simultaneously. This definition is less future-oriented than the definition from Dyllick and Hockerts (2002). Third approach by Marrewijk and Werre (2003) is not to define corporate sustainability at all but instead let the company itself decide what it means in order to reach their objectives. This approach might be useful in business life and give managers some freedom in planning corporate sustainability, but it does not offer much support. The theoretical definitions provide important information and guidelines for corporate sustainability, but the actual work for better environment and workplace happens on a grassroots level. For this reason corporate sustainability can be interpreted somewhat differently in practice. Hernádi (2012) defines three approaches to corporate sustainability in practice: long-term shareholder value creation, corporate social responsibility (CSR) and taking into consideration the interests of all the stakeholders together.

Corporate sustainability differs from general concept of sustainability by including the important notion of economic risk and return. The lifeblood for corporate sustainability is to balance the company's financial risk and return while acting sustainably. In other words the company should not destroy its profitability for corporate sustainability. The first condition for corporate sustainability is economic survival – if the company dies, there are no more corporate sustainability actions either. (Schaltegger et al 2006, 8).

2.2 The three aspects of corporate sustainability

As mentioned before, corporate sustainability is constructed on a triple bottom line. The bottom line consists of environmental, social and economic aspect to ensure that all of the crucial actions of an organization are in order and function supporting each other. The emphasis of the three aspects does not have to be equal – on some industry the firm has to emphasize economic aspect, while a nonprofit on another industry might emphasize environmental or social aspect. Ignoring an aspect means that the company does not comply to corporate sustainability.

2.2.1 Environmental aspect

All issues considering environment, nature, animals, atmosphere and ecosystems belongs under the header of environmental aspect. Environmental aspect may also be called as eco-efficiency (Guenster et al. 2011). In scope of corporate sustainability, the environmental consideration ranges from decreasing air pollution, reducing waste, avoiding plastic, using recyclable materials, preserving vulnerable forests from logging, keeping toxins out of water system and nature to a multitude of issues effecting the everyday work of an organization. The actions towards better environment are basically all aiming to a same goal – to preserve the earth and its resources so that future generations would have the same opportunities as we have (Brundtland Report 1987). Eco-efficiency can be defined as creating more value with less natural resources (Guenster et al. 2011). The human population has grown drastically through 19th and 20th century, which has led to economic growth destroying resources and damaging nature.

The environmental aspect is important because business actions always cause natural impacts (Holland 2003). Often the impact is negative or neutral, so the focus on environmental sustainability ensures the business also tries to mitigate these impacts. A US-based outdoors gear provider Patagonia is a great example of a company working on many fields to preserve nature and to lessen the burden the business creates on environment. The sustainable thinking stretches back to early 1970s when the company published its first initiative to protect the nature. The first initiative was, humbly enough, about preserving rock walls from rock-climbers' sharp, erosion-inducing pitons. (Patagonia.com.)

The environmental aspect and corporate environmental responsibility is also important for the fact that it generates value. Amongst many, Guenster et al. (2011) have studied the relation of negative and positive environmental news considering organizations and the effect that those news have to the organization's valuation. They suggest that there is a strong connection between negative news and decreasing stock price and slightly less strong connection between positive news and ascending stock price.

2.2.2 Social aspect

The second aspect of triple bottom line approach is about humans and appreciating all human life. Social aspect might deal with issues like child labour, sufficient wage level, employee satisfaction, safe work conditions, wellbeing and health of employees and other stakeholders, community wellbeing and allover quality of life. Issues like child labour are dramatic and are already considered as very harmful for a business, but the social aspect considers also discreet issues, like bullying at a workplace. The minimum performance of social aspect recognition begins with a company following laws and regulations

(Becchetti et al. 2008). Common ethic is a guideline for social aspect. Currently the wealth and wellbeing are distributed throughout the world very unfairly, which the social aspect recognizes. Sometimes environmental and social aspect might get a little mixed up – for example, is a company logging a forest sustainably to ensure the wellbeing of a local, rural village or the forest itself?

While sustainability as a concept has an emphasis to the environmental aspect, the common practice of corporate social responsibility (CSR) notes the amplified importance of social aspect. Amongst many, Becchetti et al (2008) suggest that CSR drives better employee motivation and productivity. Many researchers have also found correlation between a firm's social responsibility and financial performance. (Pava & Krausz 1996; Preston & O'Bannon 1997 by Becchetti et al. 2008). Despite supporting results, social responsibility and the benefits generated from its practices remain under discussion. There have been research articles proving that the relation between social responsibility and company performance could be even negative (e.g. Preston and O'Bannon 1997), but mostly the articles stating a negative relation are quite old and possibly outdated. Scattered results and incoherent opinions call for further research on social responsibility and optimal preconditions. The acknowledgement of social aspect in business is certainly needed in today's business world, but the means and ways to obtain it might differ depending on industry or location.

Once a company aims to be socially responsible, the performance of its social responsibility actions can be assessed through different indicators. The good quality of management is generally understood as a feature for more content employees. The assessment of top management and board executives, mission statements and codes of conduct can bring insight from the state of social performance. Also the closer look on system inputs like numerical data on hiring can be studied to find insight on performance level. What it comes to recruitment, the minority groups recruited, hired and retained are a great interest – is the company hiring minorities, and if it is, are the people representing some minority group staying and succeeding in the company? Also comparisons between the job satisfaction level between minority employees and non-minority employees generates info on social performance. Focusing on the different minority group helps to bring out concealed, intricate problems and tensions between people, since the minority representatives tend to be the first ones to suffer. (Mitnick 2000.)

2.2.3 *Economical aspect*

Economical aspect does not consider the concept of sustainability itself, but it is included in the concept of corporate sustainability. For corporate sustainability to succeed, there has to be a company to pursue it - and there is no company, if the business is not

financially viable. Economical aspect includes all aspects that are generally seen as the core aspects of any business – viable business idea and a way to ensure continuous actions, a way to create income to cover expenses and to create profit and ways to extend and grow business. Economical aspect can be seen as an aspect that minds the business survival.

Economical aspect includes also the notion that corporate sustainability often creates profit alongside of other good initiatives (Kiron et al. 2012, 69). Some may wonder why economical aspect is even needed in the context of corporate sustainability, but sustainability cannot evolve and innovations combining sustainable development and business ideas cannot be created, if the notion of economic aspect is not included. The main job for economic aspect is indeed to keep the progress running by ensuring that sustainable can and will also be profitable, good business.

3 SUSTAINABILITY MEASURING AND IMPLEMENTATION

3.1 Sustainability performance measurement systems

Generally, performance measurement systems are meant to measure progress towards its goals, help the organization to understand its current situation and the key issues in sight and opportunities available. (Searcy et al. 2008). A sustainability performance measurement system is designed to do these tasks with a scope on improving sustainable development. SPMS can be divided into three different dimensions; financial orientation, growth orientation and environmental and social dimension. As strategic PMS can be divided into growth and financial dimensions (Verbeeten & Boons 2009), the SPMS can be divided accordingly into the two mentioned dimensions and additionally into environmental and social dimension. Due to the extra dimension the SPMS seems to be more accurate and exact than a general strategic PMS.

Dividing an SPMS into these three dimensions is derived from the three dimensions of corporate sustainability. Corporate sustainability is generally understood as the balance of economic, environmental and social efficiency. (Hernádi 2012). Financial orientation dimension covers financial indicators, current operating performance, shareholder measurements and unit activities performance. Growth dimension covers new product development, employee satisfaction, information effectiveness, customer satisfaction, supplier performance and links between the customer, supplier and employee. (Muhamad et al. 2016). The environmental and social dimension covers the essential part of an SPMS – it enhances sustainability both environmentally and socially. The focus on the triple-bottom line issues and long-term view on business performance distinguishes SPMS from other types of business performance measurement systems. (Searcy 2011b.)

Creating a balance between the economic performance and sustainability actions is challenging, but vital for a company. While economic performance is easy to measure, compare and estimate value, actions towards more sustainable business might be very difficult to take into account financially and estimate a value of certain action. (Shakkour et al 2018). For example, how to estimate the financial value of preserving an old forest? Should you calculate the hikers walking in the forest, the number of old trees or the population of birds and squirrels? Maybe the valuation soars if you find an endangered species living in the forest. And how about natural changes in the forest, how to state reasons for a change in valuation? It is clear that estimating costs, revenues and value for objects and actions like this is more than difficult.

Despite the valuation difficulties, sustainability has risen to be a centric part of many modern businesses. To make it easier to allocate funds for green initiatives inside a company, they can use environmental accounting. Environmental accounting concerns

resource use, communicates and measuring the company effect on the environment (Deegan 2013). A cost caused by sustainable purposes can be for example a waste management cost or an environmental penalty or tax. The system of environmental accounting includes environmentally differentiated conventional accounting and ecological accounting. The first one measures how the environment impacts the company financially and the latter one measures how the company impacts on environment physically. (Zhan & Zhang 2013). Environmental accounting provides an excellent tool to examine and study how natural environment affects the economy.

There is a couple of background items to explain in the context of performance measuring. Even though SPMS focuses on the sustainability aspect, it is still vital to know how the measurement system itself is built. Lohman et al. (2004, 268) defines performance indicator or performance metric (PI) as *“a variable that expresses quantitatively the effectiveness or efficiency or both, of a part of or a whole process, or system, against a given norm or target”*. Later on in the study the term “indicator” is used interchangeably in the meaning of “performance indicator”. Performance measuring (PM), in turn, means the activity of utilizing PIs in performance measuring. Finally, a concept of performance measurement systems stands for a certain system, like software, that executes PM in an organized manner. (Lohman et al. 2004, 268)

3.2 Motivation for SPMS

Even though a company’s SPMS might be successful, performance measurement systems always need check-ups to stay up-to-date and effective. Searcy (2011b) suggests, that a successful SPMS structure assessment forms from planning, assessment and follow-up. In the planning phase it is important to conduct environmental scan to find out current environmental problems and to concentrate on issues the company may have an impact on. Planning period also consists deciding on the scope of development and purpose of the SPMS. Planning phase ends with a functioning action plan. During assessment the company prepares the SPMS plan for assessments and then estimates the plan on all specific levels. Assessment might also include a life cycle stage assessment. The final step is to closely monitor the updates made based on the assessments. This last part is very vital, since planning an action and actually implementing an action are often distant from each other which causes the implementation to fail, even though the plan was perfect. Follow-up phase consists of first developing recommendations, then implementing recommendations for action and finally concluding the SPMS review. (Searcy 2011b.)

Today’s consumer is generally more aware about his purchase than never before. A simple trip to a grocery store is more than just filling up one’s fridge – it reveals a lot from the consumer’s core values and ethics. Ethical consumerism is about researching

the behavior of a consumer, who would like to make more ethical consumption choices. As Auger et al. (2003, 281) state, *ethical consumerism encompasses the importance of non-traditional and social components of a company's products and business process to strategic success – such as environmental protectionism, child labor practices and so on.*

Consumers are generally showing an increasing interest towards ethical components of products. This growing interest does have financial implications for the companies involved in creating more ethical products. However it is still a bit unclear, why consumer's ethical values do not always convert into more ethical consumption choices. Many consumers show demand for ethical products, but often other features like price, availability, durability and appearance might end up being the most crucial factor when contemplating between products. (Auger et al. 2003). The meaning of product pricing in case of ethical production has been studied in Universities of Marymount and Maryland. They found out, in somewhat alike studies, that a consumer is generally willing to pay \$1- \$5 more for a \$20 item that was made ethically and in good working conditions. (University of Marymount (1991) and University of Maryland (2000) by Auger et al. 2003) Actually the price of the product affects to the willingness to pay more. Consumers will in the abstract pay up to 28 percent more for \$10 product, but only 15 percent more for \$100 product. (Elliott & Freeman 2001)

Ethical consumerism has its early roots in studies by Whalen et al (1991) and Pitts et al. (1991), who proved the simple fact that a customer does not want to buy from a dishonest, unethical seller. The case of ethical consumption decision might still remain unresolved due to the enormous amount of factors affecting a purchase decision, but due to recent developments there is a clear trend towards social behavior in organizations. (Auger et al. 2003)

3.3 Sustainability accounting

Sustainability accounting takes a different approach to measuring sustainability than an SPMS. SPMS operates apart from the accounting system, but sustainability accounting implements sustainability into the accounting practices. Implementing sustainability into accounting system first appeared in the early 2000's in the form of environmental accounting. That form took into account only the environmental aspects by following up the financial effect generated by environmental actions and environmental impact generated by the business operations. (Hernádi 2012.) Triple bottom line accounting represents a larger scope to accounting, since it considers an aspects of the traditional triple bottom line approach in sustainability: environmental, social and financial. Triple bottom line accounting can be seen as an early form of sustainability accounting, since it considers all the right things, but fails to successfully implement the aspects into one unified

concept. Also, the emphasis is on the financial aspects and social and environmental aspects are separated from the financial part. Triple bottom line accounting is mostly interested in quantitative and financially-expressed measures (Gray & Milne 2002, by Hernádi 2012).

Even though triple bottom line accounting could not fully implement sustainability into accounting, it paved the way for sustainability accounting. Sustainability accounting is the most advanced version of implementing environmental, social and financial sustainability measuring into accounting system. Sustainability accounting adds to the relevancy of corporate sustainability strategy by providing understandable measurements that consider interrelationships between all three aspects. The most important difference compared to triple bottom line accounting is how sustainability accounting emphasizes the interaction between different aspects and aims to a multi-dimensional approach. (Hernádi 2012.) The multi-dimensional approach can be reached by efficiency indicators – efficiency describes the relations between different dimensions by relative indicators. Effectiveness, in turn, describes the success of a single aspect overlooking the relative success. (Schaltegger et al. 2006, 7.) Efficiency and effectiveness, amongst other things, are further explained in figure 1. Despite these differences between the terms, there are some overlapping in the use of environmental, triple bottom line and sustainability accounting. Solid definitions have not had enough time and academic attention to form. By far the most accurate and broad description of sustainable accounting is by Schaltegger and Burritt (2010, 377): *“Sustainability accounting describes a subset of accounting that deals with activities, methods and systems to record, analyze and report:*

- *First, environmentally and socially induced financial impacts,*
- *Second, ecological and social impacts of a defined economic system (e.g., the company, production site, nation, etc.), and*
- *Third, and perhaps most important, the interactions and linkages between social, environmental and economic issues constituting the three dimensions of sustainability.”*

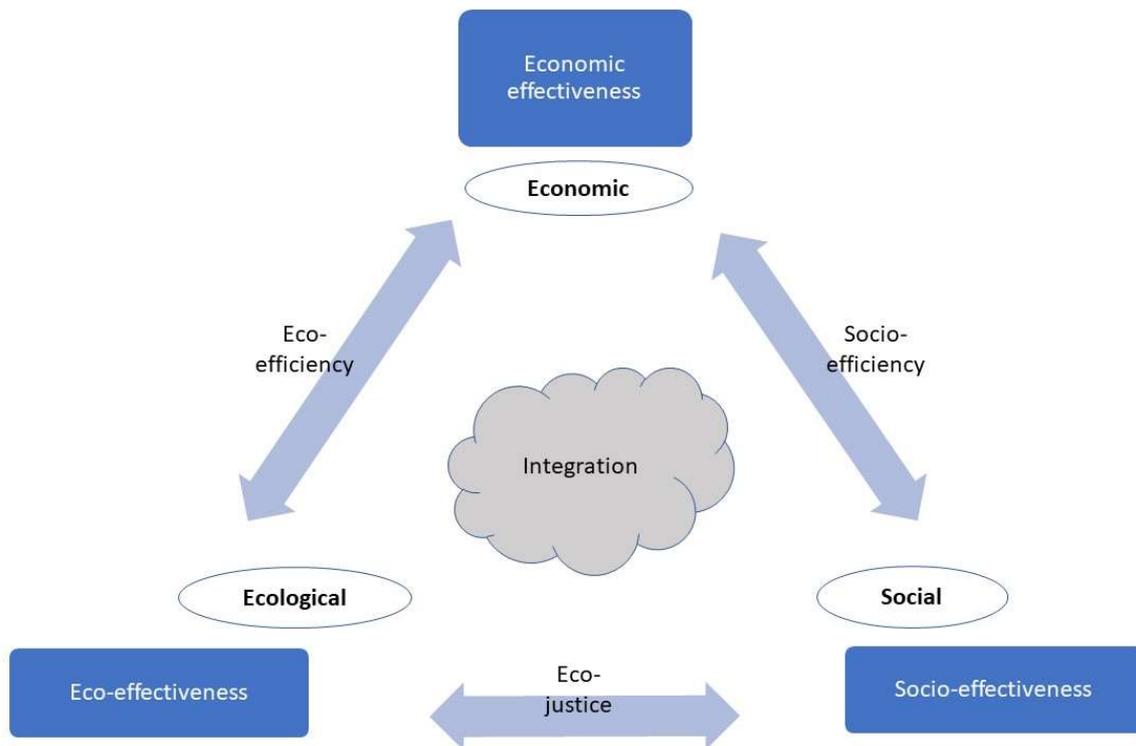


Figure 1 The corporate sustainability relations within the sustainability triangle (e.g. Schaltegger et al. 2006, 8).

Figure 1 explains the relations between items on the sustainability triangle. It presents the corporate sustainability aspect together with the basic building blocks of sustainability. Word integration in the middle highlights this figure's relevancy to sustainability accounting – sustainability accounting drives integration between economic, social and ecological aspect.

In figure 1, economic effectiveness stands for the measurement for economic wellbeing, the best result being achieving the best possible financial result. The aim of economic effectiveness is to successfully balance economic risk and return in corporate activities. Eco-effectiveness, also environmental effectiveness, stands for the environmental impact reduction. Primarily all human interference disrupts natural ecosystems, some being irreversible like badly polluted soil and some less irreversible like cutting down a forest. The purpose of eco-effectiveness is to measure how well the company is able to reduce negative impact on environment. The third measure of figure 1 is socio-effectiveness, which refers to all issues directly considering the quality of human life. The variety of social factors is great, including factors considering equality of rights, fairness and equity of needs and performance.

As human desires may never be fully satisfied, it is good to remember that the social factor, in the abstract, cannot be fully satisfied. It is conceptually way more difficult to define socio-effectiveness than economic or eco-effectiveness, since socio-effectiveness does not have a clear goal like the two mentioned. There is not a generally accepted

purpose for socio-effectiveness other than driving better socially sustainable conditions, which is a very broad definition. Also, social expectations vary between different cultures resulting in an ununified definition of socio-effectiveness. (Schaltegger et al. 2006, 9.)

In figure 1, eco-efficiency and socio-efficiency stand for the relation between economic and ecologic and economic and social aspects. Efficiency measures therefore do not stand for a single aspect alone, but rather represent the success of the processes trying to optimize both economic and social/ecological aspects. As the traditional business challenge consists of creating shareholder value and increasing profitability, the corporate sustainability challenge is about pursuing the goal of sustainability as economically successfully as possible. (Schaltegger et al. 2006, 10). The word “efficiency” is used in this context since the economic interpretation of efficiency is based on monetary performance data. Eco-efficiency can be interpreted as the ratio of value added to environmental impact added per unit and socio-efficiency in turn as the ratio of value added to social impact added. (Schaltegger et al. 2006, 11.)

The essential part of figure 1 is integration. Integration, in this context, defines the managerial challenge to combine and simultaneously satisfy the objectives mentioned above and in the figure 1. This means that social, ecological and economic effectiveness has to be satisfied somewhat equally by accounting and improving the efficiency ratios, however the economic aspect being the crucial condition for business survival. The essence of corporate sustainability hardships lie in the problematics of integration. (Schaltegger et al 2006, 12.)

3.4 Sustainability reporting

Sustainability reporting refers to internal analysis and publication of results on company sustainability. The term is often used interchangeably with other terms referring to non-financial reporting, like CSR reporting or triple bottom line reporting (Globalreporting.org). Sustainability reporting, in all its various forms, contains information on the economic, environmental and social impacts of everyday business actions. Reporting usually includes company values and governance model as well. (Globalreporting.org.) The information on a sustainability report is directed to all external stakeholders of a company – customers, investors and such. It is the key platform to conduct communication on corporate sustainability performance and the impact the business is making. For the company itself sustainability reporting may help setting goals for sustainability actions and managing change efficiently. Currently there are four international providers for sustainability reporting guidance: Global Reporting Initiative (GRI), The Organization for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises), The

United Nations Global Compact (the Communication on Progress) and The International Organization for Standardization (ISO 14001). (Globalreporting.org.) Next the various sustainability reporting guidelines will be discussed in subsequent sub-chapters.

3.4.1 Global Reporting Initiative G4 standard

Global Reporting Initiative (GRI) is a non-profit research organization supported by the United Nations Environment program that promotes the transition towards a more sustainable future. GRI currently provides the most widely used sustainability reporting framework, even though there are many other frameworks as well. The GRI started off in the USA, Boston in the late 1990s. Their first version of sustainability reporting guidelines was published in 2000. Since then GRI has published G2, G3 and the current G4 guidelines. The main objects of the current G4 guidelines are user-friendly guidance, improving the technical quality of the guidelines, harmonizing with other standards, improving guidance on material issues and linking the sustainability reporting process to the integrated report. (Jones et al. 2016). There has been criticism towards G4 guidelines. Buhr et al. (2014) suggest that the guidelines provide an excellent set of indicators for environmental issue reporting, but the collection of social and economic aspects lag behind.

The development of sustainability reporting from early 1990s all the way to today's sustainability reports has been fully voluntary. Even though the development is based on voluntary actions, the trend of developing sustainability reporting has been significantly helped by a range of guidelines and codes. Guidelines like G4 have encouraged and rewarded the companies taking initiative in sustainability reporting. Compliance of the G4 guidelines is fully voluntary, but the current trend of green consuming favors the companies utilizing the guidelines. (Buhr et al. 2014).

3.4.2 ISO 14001

ISO 14001 is an international standard for implementing sustainability into management and to improve an organization's environmental impacts. It does not provide direct guidance for sustainability reporting, but it provides crucial, comparable standards for environmental management system.

ISO 14001 was first developed by the International Organization for Standardization in 1996 and the latest review was made in 2015. (Bansal 2002). ISO 14001 drives the same agenda than G4 standards, but through different means. While G4 guidelines are mostly about the indicators for measuring sustainability, ISO 14001 provides a generally

accepted definition for good or adequate environmental management system. These two are two different entities but can be utilized simultaneously to reach a unified goal. ISO 14001 standards are completely voluntary for any business but complying and being accepted can bring advantage to an organization. Complying to the standards undisputedly represents a strong environmental management system and successful ongoing actions towards healthier environment and improved sustainability.

In the other hands, some organizations have argued that the excessive amount of documentation needed in order to remain ISO 14001-certified is too much additional work. There are also other sustainability-related ISO-standards, like environmental labeling (ISO 14020) and environmental audits (ISO 14010). All ISO 14000 -standards together form a larger body of environmental standards. (Bansal 2002). Even though sustainable development forms of three equal pillars, one of which being environment, ISO 14001 standards have an emphasis on the environmental preservation work.

The environmental management system suggested by ISO 14001 is based on a plan-do-check-act -model. Planning stands for establishing goals and processes in order to successfully fulfill an organization's environmental policy. Do stands for carrying out the plan as intended and checking, naturally, stands for keeping up by monitoring the process. The last step, act, stands for continuously improving the process according to the results from monitoring. The PDCA model aims to continuous improvement of corporate sustainability, (iso.org) but it is important to remember, that ISO certification does not require meeting any environmental performance goals (Ronnenberg et al. 2011). Also, the PDCA model fails to incorporate change management aspect, even though the model is regarded as a helpful implementation tool.

3.4.3 *Dow Jones sustainability indices*

Dow Jones sustainability indices were created and launched on 1999 by Sustainable Asset Management (SAM). SAM is a Zurich-based fund management company, which guiding belief of sustainability having a positive impact on company performance eventually led to the formation of a Dow Jones sustainability indices (DJSI).

DJSI is an index which conducts objective, detailed and ongoing reviews of the companies listed by the index. The evaluation process conducts of a thorough questionnaire for the company, annual reports, environmental reports, health and safety reports, press releases, articles and media and stakeholder commentaries on the company. (Fowler & Hope 2007.) A corporate sustainability score is then calculated for each evaluated company after external and internal audits. The final score represents the success of a company's sustainability performance.

DJSI is the longest-running set of indices globally, which is largely used by sustainable investors and other stakeholders to assess corporate sustainability performance of different organizations.

DJSI takes into consideration all of the three aspects of sustainability, but it is clearly biased towards the economic factors. Environmental and social factors receive far less attention. (Fowler & Hope 2007.) Also, DJSI only accepts industry leaders to the evaluation process, so all of the evaluated companies are rather large and often multinational. Due to this the index might not actually represent the true sustainable industry leaders, but big industry leaders.

3.5 Implementation of performance measurement systems

“...implementation is defined as the phase in which systems and procedures are put in place to collect and process the data that enable the measurements to be made regularly” (Bourne et al. 2000, 758).

Performance measurement system creation has three phases; design, implementation and use (Bourne et al. 2000). This chapter will examine the phase of implementation in a detailed manner, since performance measuring systems often mysteriously fail at the implementation phase. Since the three phases are conceptual, the implementation phase might actually be difficult to differentiate from design and use. Also, implementation often overlaps with the using phase. (Bourne et al. 2000.) Implementation begins when committing to adopting the innovation and ends when the innovation, in this case performance measurement system, becomes part of the organizational routine or is abandoned (Linton 2002, 66).

Implementation of performance measures is composed with activities that introduce the procedure, like educating employees and creating reporting procedures (Bourne et al. 2002). It might seem like an easy process, but current literature states otherwise (e.g. Searcy et al. 2008). Often the PMS is very carefully studied and planned, but something goes wrong during the implementation and the company ends up not achieving what it had planned to achieve with the PMS. Often the problem is not easily visible to see and correct. Some of the possible problems along the implementation process can be the personnel not understanding objectives and goals, too widely shared responsibility, personnel resists change or ignores it or overlapping projects steal the resources from the implementation process (Rantanen et al. 2007).

According to Jääskeläinen and Sillanpää (2013) the key aspects to a successful implementation of a PMS are the commitment of operative level and the suitability of a measurement tool and indicators. PMS implementation often remains as something the top

management benefits from, so it is crucial to engage the operative level and middle management to ensure motivation for change. The personnel should be able to easily explain the purpose of the new performance measuring system and the indicators utilized. Suitability of the measurement tool refers to the experienced relevance. Operational level personnel should see the new PMS as something that their everyday work will benefit from – if the measurement tool is not suitable for a certain company, the personnel will only be frustrated with yet another feature in their work that does not work as it should.

The very basics of implementation studies go back to Platts (1994) and his four factors, which are associated with the success of a process. Platts does not refer explicitly to a performance measurement process or implementation of one, but the four-stage model itself can be generalized to apply performance measuring as well. The features are (Platts 1994):

- point of entry,
- participation,
- project management,
- procedure.

First of all point of entry refers to obtaining the agreement, support and commitment of managers to be actively involved to the implementation process. In this stage the process has to be sold to the managers, so that the managers are genuinely on board, not just because they are expected to. Good results rise from genuine inner motivation, and the managers need that level of motivation, since they are the ones passing their attitude towards their subordinates. Resistance amongst managers or employees might be difficult to notice since the ones resisting change are usually careful at hiding their negative thoughts and actions (Bourne et al. 2000). Point of entry stage also involves shaping the expectations of what the process involves. This helps to understand the full scale of the process and thus helps managers to prepare adequately. (Platts 1994.)

Participation is about individual and group participation to achieve mutual understanding and commitment. Platts (1994) suggests that workshop-style meetings or the use of group working to pool together ideas, comments and identify problems is exceptionally useful for participation stage. When the traditional idea of strategy formulation pictures a brilliant strategist working on his own, ensuring the success of a process implementation calls for a more engaging planning phase. Group working provides many benefits like error detection at early stages, individual knowledge and expertise pooled to aid the group, enables tossing around and handling a wide range of opinions and it ensures that the personnel are genuinely involved, since taking part to the group work creates a sense of ownership of the process. (Platts 1994.)

Project management stage should include adequate resourcing and an agreed timescale. This stage is about technical features and distributing responsibilities for the process to be able to thrive. Platts suggests that it is in the essence to establish managing

group, supporting group and operating group. These groups are responsible for acquiring and providing needed resources, to provide expertise and to do the bulk of the work, like collecting and analyzing data. A good example of project management work is to have a certain person whose responsibility is to arrange all the meetings. It does not seem like much, but if there is no designated person to do that, then who will? If no one would, the process could never move forward. (Platts 1994.)

The fourth stage, procedure, should include a defined plan through gathering and analyzing information, easily understood tools and techniques and a written record of results at each stage. Managers taking part to the implementation process tend to feel more secure, if they can understand the techniques that are being used and relate to those techniques on a personal level. The process should be familiar enough for the managers to understand it. Procedure is mostly about clarifying the stages of the process and using easy enough tools. (Platts 1994.)

These stages, and the careful consideration of each during and before the implementation phase, drive the success of the process. Since these four factors have been created in the 1994, the discussion today still acknowledges the benefits of this model, but also notice the need for other success factors to be considered as well. Bourne et al. (2002) admit the importance of Platte's features, but point out that other non-process factors are needed as well to drive the success of implementation stage. Bourne et al. (2002) define, in turn, four important performance measurement system implementation factors, which are the effort required for implementation, the ease of data accessibility through the IT system, the consequences of performance measurement and the project being overtaken by parent company initiatives. For example, if needed data is very difficult to access through a commonly used IT system, it is a significant blocking factor for the implementation of performance measurement system. In turn if the data is easily accessible for every process stakeholder, it is seen as a reinforcement for the successful implementation process. Minor problems with effort and IT systems can be overcome if suitable conditions, like senior management commitment apply. (Bourne et al. 2002.)

Senior management commitment is usually seen as an important requirement for any interorganizational change to successfully happen. Bourne et al. (2002) admit the great importance, but also make a notion of the possibly fluctuating nature of senior management commitment. The level of commitment may vary through the implementation process (Bourne et al. 2002).

As an addition to the previously mentioned four stages there are guidelines for successful implementation of a performance measurement system. Hacker and Brotherton (1998) suggest, that there are three guidelines to remember when planning an implementation. First of all they suggest that the company personnel must be required to use the new measurement system. This requires the managers to strongly stand behind the measurement system and actively utilize it themselves in their everyday work. It is up to the

management work to ensure every employee gets familiar with and fully utilizes the measurement system. Of course, the system should be designed so that it is easy and profitable for the employee to use. Using the system can be ensured by scheduling review discussions with personnel, for example.

Secondly data availability or integrity should be secured throughout the implementation process. Often the desired data is unavailable, very difficultly available or somehow flawed. It is very important for the implementation process success to ensure that all of the needed data is easily available, so that the personnel would not experience the measurement system as too time-consuming or too slow or difficult to use. This, as well, lies on the shoulders of management – it is their work to reach needed data and make it available. The third guideline considers standardized reporting and presenting of findings.

The management should establish a clear, simple manner of reporting from the beginning of implementation. If charts, templates and such vary from report to report, it decreases the readability and quick understanding of the results. This leads to wasted time and resources. (Hacker & Brotherton 1998.) Formulating default charts and excel files that update on their own or even buying a system that automatically visualizes results might be the answer. The notion of implementation is closely related to change management. Implementation process is a change, from almost unnoticeable to life-changing measures, so it shares the problem of resistance to change. Change management has been developed to control, manage and relieve the resistance to change.

Implementation processes often fail, which leads to the performance measurement system failing to measure what it was supposed to. The seed for implementation failure is sometimes planted already in the design phase. Design phase is often seen to be easier than the implementation process (Neely & Bourne 2000, 4), even though both of them share equal value and affect one another. One of the critical mistakes made during the design phase is failing to decide what to measure. The measurement system has to have a clear focus, measuring a little bit here and there will not help reach insightful data. If the manager planning the performance measurement system fails to decide the target of measurement, the implementation process will be effectively impossible to conduct. (Neely & Bourne 2000, 4.)

The target of measuring can be achieved by creating organization's success map. Success map is a cause and effect diagram including and explaining the organization's strategy, goals and structure of business operations. Neely and Bourne (2004, 5) describe success map as something that clearly lays out the levers that managers can pull and what kind of impact pulling the levers will have on business performance. Instead of just brainstorming what the measurement system should measure, success map creates a more thorough picture of cause and effect relations.

Next chapter will discuss the topic of corporate sustainability from the perspective gained from empirical data. Also, the data gathering methods are explained in detail.

4 EMPIRICAL RESEARCH DESIGN

This chapter explains the research approach used in this study alongside with introducing the methodology. Also the conducted data from semi-structured expert interviews will be introduced. In this study, the interviews conducted form a base for the empirical data. Also two publicly available sustainability reports from different companies were utilized as data. The data was analyzed by searching different themes from the texts.

4.1 Qualitative case study

A research design builds a bridge between the collected data to the question of study (Yin 2009, 24). Generally a research is supposed to investigate something in a systematic manner – in this case academically suitable manner. The aim of this study is to bring insight into corporate sustainability implementation and measuring. Given the subject and the needs to study real-life experiences, the study is a qualitative multiple case study.

Qualitative research method was chosen since this study is more interested in questions like “how” and the aim of this study is to explain, rather than generalize. Qualitative research is generally more concerned with words in presenting analysis than numbers and it concentrates to the point of view of researcher rather than to the point of view of participants (Bryman & Bell 2011, 410-411). This study is interested of real-life natural setting in business life, so the quantitative method and its tendency to concentrate on tests with artificial settings was not suitable. Other typical qualities for a qualitative study are loosely structured research process, rich and deep data, image of a process and theories emerging from conducted data. (Bryman & Bell 2011, 410-411.)

Case study was chosen as a method since the field of corporate sustainability performance lacks case studies and Morioka and Monteiro de Carvalho (2016) suggest case studies on this field would promote in-depth understanding. Also Yin (2009, 29) suggests that case studies have been previously used in implementation process research with adequate success. Case study offers a wide picture of a phenomena in question but also the conditions and context it occurs. The company in question in first interview is a Finnish pioneer of corporate sustainability, so the company was chosen as the target company for a case study. The company can be seen as large and established enough to provide relevant information for a case study. The company considered in second interview is smaller in size but was estimated to have wider and more profound information on the field of corporate sustainability. The companies are very much unlike, which provides good grounds for an analysis since the two interviews were expected to be different as well.

Even though case studies are narrow and quite specific inherently, a case study can be generalized to an extent to consider similar situation and conditions. Yin (2009, 8)

suggests, that case study is a suitable study method when question “how?” and “why?” are in the spotlight. This study is indeed interested in the subject of corporate sustainability implementation and measuring through those questions. Secondly, Yin (2009, 8) suggests that a case study method is suitable when the subject does not require controlling behavioral elements and when the subject focuses on contemporary events. This study fulfills these conditions for a case study as well.

Case study method has been criticized to traditionally lack rigor, to provide too little basis for scientific generalization and to be too time-consuming and produce excessively massive documents. In a way these accusations might be outdated, since today’s case studies do not have to be and often are not too lengthy or sloppy. Case study method has also been questioned as not able to prove causal relationships – whether or not some treatment produces a certain effect. Case study should be seen as an addition and support to an experiment study, which is an excellent method to prove causal relationships, rather than an alternative to it. In a way conducting a case study can be more difficult than utilizing a more established method – case study as a method is still somewhat not fully developed and lacks established theories and models for research design. (Yin 2009, 15-16.)

Two cases were selected to this study. The method of multiple case study instead of a single case study was chosen due to the multiple cases providing better grounds for theory building. With just one case, the overall results might remain one-sided and possibly even be faulty, if the single case was selected wrong. Also, single case study provides little generalizability, whereas multiple case study provides more generalizability. Multiple cases also make it possible to create comparisons between cases. In this study, the selected two cases were compared based on their representation of corporate sustainability. (Eisenhardt & Graebner 2007, 27). The field of corporate sustainability is still somewhat fluctuating and there is not established manners to act, so it is valuable to gain information from several cases. Also the researcher herself thought that it would be both interesting and advantageous to get to know more than one case company and their habits and views on corporate sustainability.

In this study the cases are defined as an implementation processes for corporate sustainability. There is no one certain implementation process to study, but instead the implementation is studied as an ongoing process. Empirical data has been collected from two different case companies, which exhibit a high level expertise on corporate sustainability actions. The cases include also the follow-up process – how does the company measure the success of implementation?

4.2 Research process

The research process was linear and there was not much overlapping between different stages of the work. Figure 3 showcases how the research process took place.

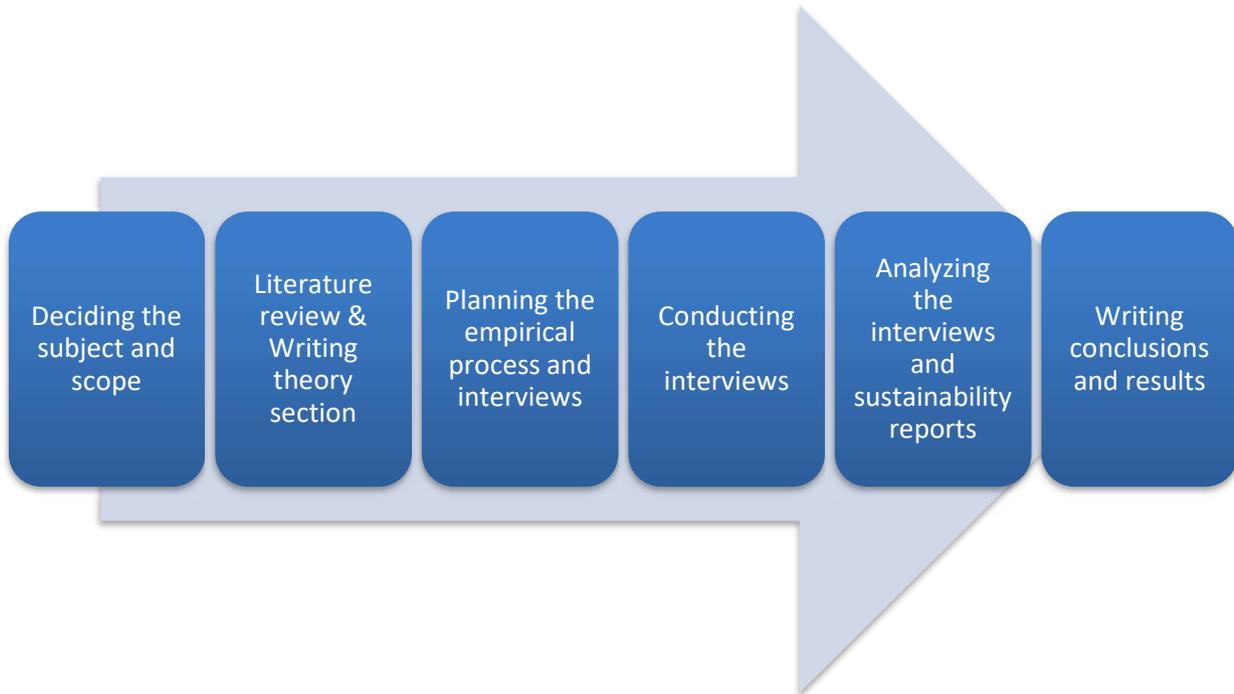


Figure 3 Research process.

Much alike in every research process, there were different stages to be noticed. The research process began in January 2018 with deciding the scope and subject of the research. At first the subject did not take a solid form but was more or less fluctuating. The final form of subject and scope were confirmed during literature review, after the researcher already had some information on the field. The literature review was conducted by searching peer-reviewed research papers from different databases available for Turku School of Economics students. Also a couple of books were utilized. After conducting the literature review and writing the theory section the empirical process needed to be planned.

To support and complement the subject and research question, semi-structured expert interviews were chosen as a primary data source and sustainability reports as the secondary data source. After this the interviews were conducted with suitable interviewees. Interviews were later transcribed and finally all data was analyzed. The results of the analysis were then explained in analysis chapter and findings discussed in conclusions.

4.3 Data collection – interviews and sustainability reports

In this study, the first unit of analysis and source of primary data are semi-structured expert interviews. Semi-structured interview provides a degree of flexibility and freedom. Usually there is a previously prepared set of questions for the interviewee, but the structure is not rock solid to allow the conversation to evolve and other subjects and questions to emerge. Semi-structured interview aims to an open conversation and the interviewee sharing stories and explaining their thoughts rather than simply answering yes or no to the questions asked. (Horton et al. 2004, 340.) When conducting an expert interview it is important to create an atmosphere of openness and the involvement of researcher is desirable.

Interviews are also more targeted than many other sources of evidence. This way the data focuses directly on the case study topic. A semi-structured interview provides also very insightful data with perceived causal inferences and explanations. In the other hand, interviews as a source of research data have been criticized to be possibly biased both answers and questions, inaccurate due to factors regarding interviewer's ability to recall the event and reflexivity. (Yin 2009, 102.) As a conclusion interviews and more specifically semi-structured interviews are a great way to produce data in cases demanding human experience and insight. In the context of this study, expert interviews were conducted to research the field more thoroughly, to provide insight about the issue itself and to gain knowledge of real-life corporate sustainability practices, alongside with the human experience.



Figure 2 Introduction of interviews.

The first interview was conducted face to face with the interviewee at the headquarters of her employee organization during September 2018. The first interviewee's position is sustainability specialist. The interview questions for first interview can be found from appendices. Conducting the interview took approximately 25 minutes and the conversation was fully recorded for further analysis with the researcher's mobile phone. The interview situation was very pleasant and the interviewee was friendly and helpful. Apart from the guidelines for semi-structured interview, which allow interruptions by emerging subject, the interviewee stuck to only answering the given questions. The first interview mostly focused on gaining a general knowledge on the relationship and interaction between the corporate sustainability literature and real-life corporate sustainability. This person was chosen to be interviewed mostly because of the very good sustainability work reputation and quality of her employee company. The questions were divided into two themes, implementation and measuring of sustainability practices. The interview was later transcribed and printed for analysis.

The second interview was conducted via skype with a CEO of a medium-sized company working in the field of corporate sustainability during November 2018. Due to the already gained information from first interview, the questions were completely rewritten for the second interview to bring up different themes and to make the interview situation easier for the interviewee. The questions for second interview can be found from appendices. The duration of the interview in question was approximately 30 minutes, out of which 27 minutes were recorded with the mentioned mobile phone. Skype provides a

good platform for an interview when the participants are far away from each other but audio broke up occasionally and left the interviewer with a couple of unheard words. Those unheard words did not affect the understandability or content since they were not important words, rather neutral expletives used in normal spoken language. This interview was later transcribed as well but in a little less detailed manner and converting the speech into proper written language. The interviewee was very friendly but maybe in a bit of a hurry and the visual was not available, so the interviewer was not able to read the interviewee's body language or facial expressions. The second interview was as well printed for later analysis. This person was chosen to be interviewed for the study due to her vast knowledge and perception of the field as a CEO.

The two interviews together provided the researcher with some amount of first-hand knowledge on the field of corporate sustainability to utilize in analysis later on. Collected empirical data was complemented by publicly available sustainability reports.

4.4 Data analysis

The gathered data was analyzed by the method of thematic analysis. Thematic analysis provides grounds for analyzing varying sources of data. The idea is to break down and rearrange the data into smaller sections with a shared meaning or theme by color-coding, for example. The primary and secondary data utilized in this study are interview transcripts and written reports, so thematic analysis is a suitable choice for this purpose. Thematic analysis has been mostly utilized in the analysis of textual data. Technically keeping up with the rearrangement of a non-textual data could turn out to be very difficult and unorganized. Additional reasoning for utilizing thematic analysis to go through data is that thematic analysis is not restricted to a certain field or type of study – it suits most qualitative study methods including case study. It is noteworthy to remember that thematic analysis itself is not a research method, but an analysis approach. Thematic analysis has five purposes, those being seeing, finding relationships, analyzing, systemically observing a case and quantifying qualitative data (Boyatzis 1998, 4-5).

After the empirical data was gathered, color coding are utilized to find out the mentions of different topics. The topics looked after were measuring, implementation, triple bottom line and SPMS. The topics were not decisively decided beforehand, the topics took their form after the data collection. The collection of data seemed to provide something relevant out of these topics chosen. Since the interviews were semi-structured, having the exact topics to form on themselves is natural. Also the process of academic literature research provided the writer with a good consensus of what is important and attention-worthy. This way the theoretical literature also, in a way, helped to form the analysis topics.

Both of the interviews were recorded to provide exact copies of the contents of interviews and to study the contents further without the speech getting forgotten. The interviews were transcribed and after that the textual material was analyzed with several color codes to indicate mentions of similar topics. Color coding is a very visual way to represent connections in a textual material – the colors make it easier to form a bigger picture and connect some dots. Especially when the amount of text is quite large, it is important to find visual aids to help in the process of analysis. In this study color coding made a further analysis possible by bringing together all the mentions of a same topic.

4.5 Evaluation of the research

Data evaluation gives insight to the quality of this study and points out how this study fulfills the criterion for trustworthiness. Trustworthiness is a renowned framework by Lincoln & Guba (1985, 290) to objectively assess qualitative research. Qualitative research cannot be evaluated on the same basis than a quantitative research due to the differentiating data, data analysis methods and purpose of the study. Trustworthiness concludes of four different aspects: credibility, transferability, dependability and conformability.

Credibility refers to trustworthiness on a general level and it can be divided into two features: the level of expertise of the researcher and adequate amount of relevant data to make deductions (Lincoln & Guba 1985, 296 ; Eriksson & Kovalainen 2016, 213, 308). In the context of this study, the researcher did not have very profound knowledge of the subject before beginning the research process, though the researcher had a true motivation to look into sustainability issues in business life. Throughout the research process knowledge was gathered profoundly from many different sources like articles, news and books. At this point it should be also noted that the researcher chose the subject also to advance her career plans in the field of corporate sustainability and used the research process also to gain contacts on the field. Also, the researcher would not have had a chance to already be a professional before the research process due to this kind of studies mostly missing from the curriculum of Turku School of Economics. The case companies were also unfamiliar to the researcher and unfortunately remained so as well.

More familiar case companies, for example an employer organization, could have produced more profound data due to the ability to reflect personal experiences and deeper insight of the business. Consequently, not knowing the case companies beforehand, the researcher did not personally know neither of the interviewees either. The interviews were very professional, though a personal connection with the interviewee might have led to a more open and insightful conversation.

Credibility could have been improved by conducting more interviews and researching the case companies more profoundly. Conducting this case study as an assignment to a certain company could have also been an advantage due to the company benefitting from the research as well. By interviewing different persons in case companies the researcher could have been able to draw more conclusive results. Given the type of the research, master's thesis, the researcher saw the current amount of data sufficient to provide a good look to the corporate sustainability.

The second aspect, *transferability*, is generalization's counterpart but allows more variation. It means that if the study was conducted again, by a different researcher but exactly imitating this study, the results would be somewhat similar than in this study. Transferability does not aim to fully generalize, rather it aims to show consistency. (Lincoln & Guba 1985, 297-298.) The idea of transferability is to prove connection to existing research literature (Eriksson & Kovalainen 2016, 308). Case studies are always somewhat connected to the time and place they are conducted – therefore a replicating study in the future might take a different form and produce different results. Also different researcher's personal features and views might alter the process. Defining the objects being studied carefully gives the reader better grounds for judging the contents of the study. The data collection process and the research process could be replicated, but the results might vary due to these reasons.

Dependability stands for a carefully reported, traceable and logical research process (Lincoln & Guba 1985, 324). Dependability defines the responsibility to provide the reader with information on those three features (Eriksson & Kovalainen 2016, 308). The research process had a clear structure and different stages, which did not overlap much or at all. The structure is explained in paragraph 4.3. The structure has been reported as carefully and clearly as possible, but it should be noted that the researcher is not very experienced in conducting research. This inexperience affected the process as a slowing-down factor since the researcher had to figure out the logic way to proceed simultaneously with conducting the research. A research plan was conducted prior beginning, but the actual research process turned out to be quite different than the original plan. For example keeping a research diary could have improved the level of dependability.

The final aspect, *confirmability*, aims to detect the analysis process of researcher's conclusions to prove the conclusions are valid and not just a product of the researcher's imagination. The results should always rise from the collected data, not from assumptions, opinions or beliefs. (Lincoln & Guba 1985, 300; Eriksson & Kovalainen 2016, 308.) In this study, the theoretical base was wide and it is connected logically to the empirical data, though the theoretical base is a little wider than the scope of interviews. Theory being in an enhanced position, the study has a reliable base to justify analysis and results. The analysis and results section clearly discuss every proposition through theory and findings from empirical data. Even though the process is logical and statements are

discussed carefully, it should be noted that one of many features of qualitative research is a certain level of subjectivity. It means that absolute truths cannot be drawn from this study and the results should be understood more as educated assumptions and recommendations.

5 CORPORATE SUSTAINABILITY PRACTICES

This chapter attempts to find connections and similarities from the gathered data through thematic analysis. The themes are first divided into measuring and implementation as they are the main concepts throughout the study. Further themes have emerged from data and considered relevant enough to be presented here. The results of this study are introduced here as well.

5.1 Introduction of the case companies

5.1.1 Case company 1

First case company is Nordic manufacturing company. It has actions all over the world. In their business the theme of corporate sustainability is mostly visible in transportation, sourcing of raw material and waste of raw material components. The company's sustainable work supports reaching Sustainable Development Goals (SDGs) set by United Nations. In their words, sustainability is part of everything they do. This company was the first choice as a case company due to its great sustainability reputation and good availability of information due to the company being large enough.

First case company's sustainability work comes down to four corner stones – sustainable products and services, respecting the raw materials and making supply chain effective, resource efficiency and reducing inevitable environmental impact and wellbeing of stakeholders and social impact through their business. This is a very wholesome approach that covers all three aspects of corporate sustainability but enhances the importance of diminishing environmental impact due to the nature of their operations. Following figure will picture the most important building blocks of the corporate sustainability work in case company 1.

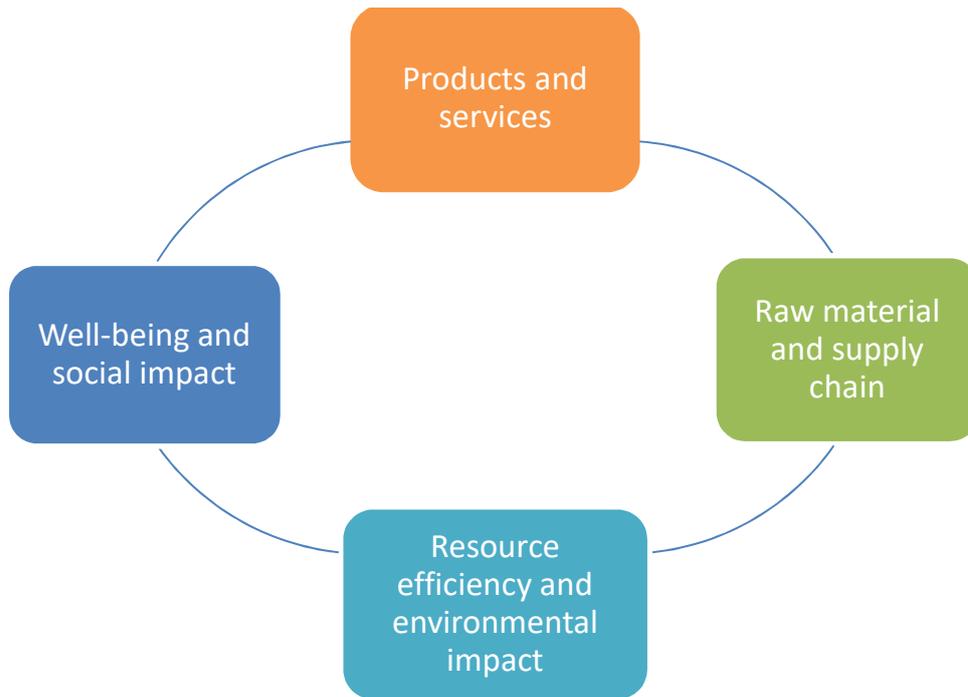


Figure 4 Corporate sustainability corner stones of case company 1.

Case company's social sustainability work consists of ethical business, safety at work and well-being at workplace. The company uses a specified code of conduct training to ensure all employees know enough about sustainability actions to pursue them. The code of conduct training includes all the aspects the company wants to see happen in the field of sustainability. A supportive, active company culture is an important feature in taking the training into action.

Safety at work is an important feature, but at the same time it should already be a default in any organization. Case company pays attention to especially ensuring safe workplaces and following the level of safety in detail. Case company extends social sustainability even outside of the organizational setting and states that they also care for the value creation in societies they are active in.

Case company also actively measures its resource efficiency and environmental impact. Emission reduction, both to air and to water, are in the essence when trying to stop the climate warming from happening. Energy efficiency is also important measure because saving energy saves resources indirectly. Even though there is not a measurement for utilizing production side streams, the company lists it as one of their important aims. There are side streams of different materials in their production, so it is crucial to try and think of a use for those side streams.

The aspect of raw material and supply chain measures sustainability of raw materials and responsibility of supply chain. The use of sustainable raw material is very important

since non-sustainable options are not environmentally and socially friendly. Logistics in supply chain are not measured with an exact number, or share or a feature, but the company wants to ensure their logistics flows are managed sustainably.

Case company 1 also highlights the importance of innovation. Through new more sustainable, effective and renewably-sourced innovations the whole field of corporate sustainability could advance in huge leaps. The current focus in their research and development are circular economy and resource efficiency, renewable raw material as a competitive edge and added value products and services from customers. The company is also engaged in several research and development networks and projects to create new solutions.

5.1.2 Case company 2

The second case company was chosen on a different basis than the first one and it could be treated as a somewhat counterpart, but with a different view. The second company is focused in the sustainability itself and distributing information further in business life. For this reason the information gathering concentrated on hearing views and thoughts rather than trying to picture the company's own direct sustainability practices. The second company is significantly smaller than multinational first case company. It is situated in Helsinki but their assignments are not location-specific.

The second case company attracts the theme of this study from a different perspective – it is an expert on creating sustainability actions in companies. In other words they are specialists in pointing out the need, creating, implementing and following a sustainability measurement plan. This company was chosen exactly due to the vast amount of knowledge and expertise to turn this knowledge into real life work. The views from second case company complement and advance the information gained from the first case company and give a different angle to the research material.

5.2 Case companies' views on measuring corporate sustainability

Since this study is about how real-life practices and theory about corporate sustainability differ and agree, the data gathering process was built to produce information from case companies' measuring process and measurements. Altogether the interviews did not produce very thorough information on measuring. The references in interviews on measuring were understood more as hints of what is important and what is not. The sustainability reports utilized, in the other hand, pictured measuring processes very carefully. As Cooper

and Edgett (2008) and Ehrenfeld (2008) have stated, one cannot manage what one cannot measure. Measuring is a tool to better business and it is the best tool to provide direction.

“ If you cannot measure it is very difficult to manage. I see measuring as a tool for making better business. To set goals, measure accomplishments and generally knowing where the business is going. “ (CEO, case company 2.)

The theory section covers sustainability frameworks like GRI G4, ISO and Dow Jones Index. The findings from data highlight the importance of GRI G4 framework. It is an important, but not necessarily the most important, framework to help all kinds of businesses in their sustainability tracking. The interviewee states that GRI is a widely spread and well-known tool, but its level of generality is both its advantage and a weakness. There are already some more field-specific frameworks which ensure the framework is effective.

Unlike theory section, data mentions Carbon Disclosure Project (CDP) in the same context as GRI. CDP is a nonprofit charity organization, which provides tools for natural impact measuring for companies, investors and different regions (www.cdp.net). Natural impact refers to the unity of climate-, water- and forest-related impacts and the organization especially pays attention to the connections of these three to the strategy of a company. CDP did not come up in the theory section mostly because it only focuses on carbon emissions and this study is about a larger picture of sustainability. Despite only focusing on the emissions, CDP is an important tool for companies since it utilizes a popular buzzword effectively – most of the modern consumers are familiar with the word “carbon emissions” and know that the level of those emissions should be decreased globally. All kinds of frameworks and qualifications, national or international, which prove the company is complying with sustainable business, also work as great promotional tools amongst an audience interested in sustainability (Buttle 1997). For this reason the visible use of these frameworks as a marketing advantage should rely on real actions, not just wanting to benefit from the framework name. The difference of theory and practice is well visible here – theory focuses on wholesome answers but the real-life action might be different due to many factors like customer preferences.

Even though there are several relevant frameworks to help businesses track their level of sustainability, gathering the actual data might still be time-consuming and a little difficult. The interviews suggested that even if the company produces a lot of sustainability-related data, the data has to be gathered and put together from several sources and databases. Due to the scattered data the measurements are often not unified and cannot be compared straight away – this way the difficulty of data gathering may influence the sustainability measuring process as a negative factor. To ensure easy data gathering process

the internal databases should be more unified and indicators well thought of to ensure relevant data with moderate effort.

“Accessing the correct information is never easy, because we have to search different databases and collect bits and pieces of information from different sources.” (CEO, case company 2.)

The difficulties of data gathering might originate from the recentness of sustainability as a topic. Measuring of finance, debt, income and such is uncomplicated since the measuring unit is currency and thus in a numeral form. Sustainability measuring is not in an established position like other, more traditional business measures. The data argues also the importance of relevant data – due to the often-occurring difficulties in data gathering, the gathered data should at least be highly relevant. The relevancy is very important feature, since irrelevant data, even if it was correctly analyzed and understood, can provide faulty directions to the business. Irrelevant data can also lead to sustainability measures looking either too good or too bad, which distorts the reality of the issue.

Drawn from the data, measuring is an important feature of a successful sustainable business, but the measuring is still somewhat at its early stages. There are not much unified, easily available, commercial tools to track the overall sustainability of a business, like there are tools for accounting, for example. Measuring and choosing the right measures is crucially important, but there are differences in practice and theory perception. The data suggests that theory presents the measuring process more structured and calculated than it seems to be in real-life business. Despite small differences, both acknowledge the huge importance of measuring in managing sustainability.

5.3 Case companies’ views on sustainability performance measuring systems

Even though sustainability performance measuring systems (SPMS) are clearly important, the perception of their actual weight differs in theory and in the case interviews. When planning this thesis, it was assumed that SPMSs are highly important and well-known in modern business life. After conducting the study it seems like they rather are not. This is somewhat of a similar case than with implementation as a concept – literature sees it as a separate step, but interviews suggest it to be less separated, more as a natural part of the process. SPMS seems to be less visible concept that the theory literature suggested. A partial reason for this might be the recentness of the term SPMS – maybe it is more known in the field of performance measuring studies, and still a little foreign on the field of corporate sustainability.

The outcome from the first interview regarding SPMSs was that her organization does have a concise set of indicators, which are being followed, but not a specific SPMS. The indicators are there and they are being followed, but not in a unified manner. Due to this the amount of data on SPMS is limited. The amount of data, being clearly less than was expected at first, states that the issue of SPMS is not as well-known in the business life as the literature and theory make it seem. Maybe SPMS is more of a theoretical tool or framework to define multilevel processes behind corporate sustainability.

Rising from the theory chapter, it can be seen that the importance of SPMS might be on the rise. The academic literature acknowledges the demand for further study, so maybe in 5 years we will have a lot more literature on SPMS. A broader amount of literature would naturally lead into a somewhat popularity, knowing that sustainability related themes are generally a rising, interesting subject in the near future. This way the increase in the amount of literature could cause the SPMS to become more popular in businesses and introduce SPMS to the practical use.

5.4 Case companies' views on the triple bottom line of sustainability

The three aspects of sustainability, conducting of social, economical and environmental aspect, was not intentionally included in the data, but the theme naturally emerges from the sustainability reports and conversations. Sustainability tripod is important in segmenting sustainability actions into categories that work for similar causes. The tripod was discussed in more detail on chapter 2.2. This tripod can be partially found from one of the sustainability reports and from interviews. The secondary data sustainability report states that the company has divided its actions into social aspects, which consists of ethical business, workplace safety and employee health and wellbeing. The common aim for these features is to create well-being for all stakeholders. Other section exhibits features to combat climate change and environmental issues, as the environmental aspect of tripod. This section consists of energy and resource efficiency pursuits, climate emissions control and sourcing and transporting raw material efficiently. The third aspect of tripod, economical, is not stated in the graph, but it exists in the simple form of business and profitability having the front seat in the company's business. The sections provided are not clearly defined and for example environmental causes can be found from several sections.

The differentiation between social and environmental aspects is seen as the most important part of the graph – it states that the differentiation is also beneficial and worth picturing for the customer and stakeholder. Defining the two aspects can also bring advantage and clarity when measuring. Keeping social and environmental aspects apart makes the measuring process easier by clearly stating where a single action belongs and

how it should be measured. It also makes the issue of sustainability more approachable by dividing a huge concept like sustainability into smaller, more concrete steps.

When thinking business, the economical aspect seems to be the most important one. The other two aspects cannot survive let alone thrive in a company that is losing money. The balance between economic and social & environmental aspects is the key that creates effective sustainability actions. The second interviewee has a profound background in developing sustainability practices in different businesses. In the interview she stated that business is above all – even above sustainability pursuits. The first interviewee validated this proposition of business coming first. This means that corporate sustainability has to be profitable or at least have a neutral impact on financial situation of the company. This confirms the statement on chapter 2.2.3. that the survival of the business is the most important aspect, because if there is no business there cannot be sustainability actions either.

“ What is the most important motive for developing corporate sustainability?

- Business activities. “ (CEO, case company 2.)

Also the first interviewee highlighted the importance of triple bottom line in sustainability. Due to the field the interviewee’s company works in, they are slightly more concerned with environmental issues, but keeping economical aspect in the first place. Social aspect brings advantage through customer preferences and environmental work is mandatory and very important due to their industry. The second interviewee also stated, that in most cases the sustainable option is also cost-effective. For example using resources more sparingly also decreases the cost of resources. A new procedure or process to develop sustainability level can usually require making an investment at first, but in a long run acting sustainably is more cost effective.

5.5 Case companies’ implementation processes

In this study implementation refers to the process of introducing a sustainability action or measurement and the beginning phase of utilization. Implementation is a crucial part of sustainability measuring process since the implementation phase mostly dictates the general attitude towards new measurements. The success of a measurement or measuring tool is somewhat built during the implementation phase. Most of the insight of implementation were gained through interviews. Sustainability reports do not tend to handle implementation as a separate issue but a natural part of a process, so the reports did not have much information on implementation.

“ There is no point creating anything that you are not planning on fully implementing. “ (CEO, case company 2.)

Based on the information elaborated in theory section, the literature sees implementation as a separate phase and recognize impact on other features and parts of the process. Literature also uses the word “implementation” rather than other words for initiating phase. The theory mostly arises from performance theories and general measurement literature, the actual issue of sustainability measuring implementation has not been very thoroughly researched yet. Then again, based on the information on implementation accessed through interviews, the subject of implementation seems to be much less in the essence. The presence of implementation process is seen, but not much thought of, unless there are huge troubles during the process. Also the term implementation seemed a bit foreign to the interviewees, they rather used a word action plan, for example. The importance of implementation is well renowned, but at the same time implementation is not considered as an isolated phase. It is a part of a bigger picture and a natural occurrence during the process. During the interview, the second interviewee clearly stated that implementation as it is presented throughout this thesis, does not come up as an isolated unit.

The first interviewee mentioned that in her organization they usually put up a project team to take ownership of the whole process of introducing a new feature, including implementation. This way the responsibilities connected to communicating, planning, execution and such are clearly defined and verifiably belong to someone. As stated before by Platts (1994), having a specific group to take care of a process creates a sense of responsibility – without anyone feeling the responsibility to take care of the process, it never moves forward, let alone succeeds.

The biggest finding about implementation is the difference of perception between theory and reality. Theory paints a picture of a structured building block that needs to be carefully planned and managed and researched in a step-by-step-process and the interviewees see implementation as a natural phenomenon. Corporate sustainability might be such new issue to handle that no one expects troubles during implementation phase – who would not like to be more sustainable? Unfortunately the extent of this study only allows to be stated that there is a difference, but the reasons are only speculative.

6 CONCLUSIONS

This study is concentrated into bringing better insight into the field of corporate sustainability measuring and implementation. Gathered data provided information on corporate sustainability practices in business life, whereas extensive literary review formed a solid theory section to discuss with empirical data. The aim of this study is to find connections and differences between corporate sustainability in practice and in theory. Differences, like different perceptions of importance or structure of the work, brought this study to the conclusion that there are differences in how corporate sustainability is carried out, but the ultimate goal and the essence and purpose of work are alike.

6.1 Managerial and academic implications

The managerial implications of this study are reinforcing the need for more integrated, more broadly reaching corporate sustainability measuring and simply offering support to someone wondering if acting sustainably is worth it. In a real life situation it should be especially noted, that sustainability actions often reduce costs as well. For example utilizing resources more sparingly could save a lot of money, optimizing transportations saves fuel and researching materials provides better design choices.

The reputation benefits cannot be overlooked in the process of acting sustainably. If the increased level of sustainability is communicated to the customers in a right way, it is likely to increase the brand or company image. Even if a company chooses not to be a forerunner when it comes to sustainability, even acting by the laws and global regulations might save a pretty penny in avoided scandals and lawsuits.

The main managerial implication of this study is to provide the basis of thinking – if a manager reads a book he might be left with the impression that his company should do precisely as the book says. This study suggests that the reality is often not such straightforward and the process of corporate sustainability might differ from theory. If the crucial parts are visible, the process might be just as good. The theory and practice do not fully meet due to the recentness of the issue.

The academic implications of this study are merely supporting the existing theories presented in the text. The study provides support for the general cause of sustainability and gives a somewhat answer to the simple question “why” – why should one, business or individual, even consider acting in a sustainable manner? The outcomes from the data support the idea, that in case of a modern business, acting sustainably is good business. This study might also provide a little something to the very small niche of corporate sustainability implementation research. That exact issue has not been extensively studied, so this study provides the niche with a little bit more contribution and information. Also, this

study suggests that corporate sustainability implementation should take into consideration the isolation it creates around the term – the businesses researched here do not see implementation as such an isolated issue, so should academic research either?

6.2 Limitations of the study and future research

When reading this study it should be noted that its purpose is to act as a master's thesis – it is a profound piece of work, but lacks professionalism and maturity of analysis. The results should be utilized and thought of as suggestions, not absolute truths. This study concentrates on corporate sustainability through data from expert interviews and sustainability reports. To draw more conclusive results the findings of this study should be verified with more extensive data collection and research. For example interviews from several different industries and from different companies would enhance the credibility of this study. Also considering international conversation and political climate around corporate sustainability would add valuable information to the study. The tone of conversation is quite positive in Finland, but if this study was conducted, to say, in the US, the outcome would have been different through interviews.

Even though case study was suggested as a recommended study method, this study utilizes only very few data sources. Having several data sources would bring more conclusive results and give a broader view on the field of corporate sustainability. Also having a more thorough access to the case companies would have enhanced the amount of data by allowing observation, to name one. The case companies were unfortunately but understandably quite secretive about their further sustainability practices. It would have been noteworthy to include some theory about the current atmosphere of corporate sustainability, because based on the data collection process used in this study it seems that companies are secretive maybe to avoid possible bad media attention or scandals. Corporate sustainability remains as a somewhat touchy subject and it could be taken further to study why and how to add transparency and open communication. All things considered, there are no absolute truths presented in this study. The results and conclusion should be understood more as educated examples from a narrow spectrum of cases.

The theory section is a broad look into the field of corporate sustainability, its measures and measuring and implementation practices. The amount of utilized literature is vast since there are already a lot of academic research literature available on the field of corporate sustainability. When planning this study, it was assumed that the process of gathering theory-based data would be more difficult due to the limited amount of quality research. It has to be admitted that the theory was gathered around the issue in hand, and the amount of research that would precisely look into corporate sustainability measuring or implementation was very limited. It is not seen as a crucial limitation since the data

gathered produced a good, multiple-side image of corporate sustainability measuring and implementation.

The biggest limitation is this study lies in the amount of empirical data. During the data gathering process only two interviews were conducted. The interviews were thought to be able to provide more insight, but they turned out to provide less insight than expected. The expectation was too high, the interviews itself were informative, but someone might argue there should be more of them to draw concise conclusions. A similar kind of study, focusing on the practices of corporate sustainability, but executed with more case companies might result in a more informative outcome in the future.

The future opportunities in the field of corporate sustainability studies are vast. The issue is growing and developing constantly, and even during the writing process of this study, new figures, causes and spokespeople have emerged. Especially there is a demand for cross-scientific studies. Sustainability is not an isolated issue and it could be incorporated better into social studies, economics and so many more fields of academic research. Also the future impact of climate change cannot be belittled, so the effect of today's sustainable actions is an important research subject in any field imaginable, because the change is naturally going to effect everything. As a conclusion from the statement that business comes always first, sustainability research could also benefit from studies that take a commercial angle into business and sustainability. Acting green is something we all have to do more or less in the near future, so why not make it business-friendly and profitable at the same time?

7 SUMMARY

This study is about finding out the differences and similarities between real-life corporate sustainability measuring and implementing and theory literature perspectives. The purpose is approached through a case study with two case companies to provide empirical data on the subject and a thorough literature research for theory input. Introduction chapter creates the basis for this study and presents study purpose and provides grounds to determine the importance of the issue. This chapter also showcases corporate sustainability as a whole. Theory part focuses on profoundly explaining corporate sustainability implementation and measuring by looking into themes supporting them, like performance measuring theories. Corporate sustainability as a concept is a recent subject to science, but the increasing conversation around the issue and sustainability being the buzzword of today's world are constantly rising the profile of corporate sustainability research. Also some of the most renowned tools, like the GRI standards, for measuring and the most general indicators are explained and their importance in today's business reviewed.

The study was conducted as a qualitative multiple case study. The primary data consisted of two semi-structured expert interviews on two different case companies. In addition, two publicly available sustainability reports were utilized as secondary research data. The data was analyzed thematically, by color-coding different themes and then forming groups from mentions of same topic.

The findings of this study can be concluded into acknowledging and supporting the difference between real-life sustainability actions and academic literature and research. Especially in implementation and measuring seem very structured and isolated parts of the sustainability process, but interviews left the impression that they are rather naturally occurring parts of the process. They are generally not handled in an isolated manner, like theory section would. For this reason future suggestions to be carried on are reducing the isolated thinking and rather seeking the subjects in connection with nearby phenomena. The biggest limitation to this study was the relevantly small amount of data from case company interviews.

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APPENDICES

Appendix 1 Interview structure for the first interview.

1. TEEMA: Kestävyyden mittaaminen
 - a. Käytättekö mitään/ millaista kestävyyden suorituskyvyn mittausjärjestelmää (sustainability performance measurement system, SPMS)? Miksi/ miksi ei?
 - b. Millaisia indikaattoreita mittausjärjestelmä sisältää?
 - i. Onko indikaattoreihin otettu mallia esimerkiksi ISO- tai GRI -standardeista?
 - c. Miten arvioitte onnistumisenne kestävyydessä?
 - d. Miten järjestelmää hallinnoidaan ja kenelle tulokset raportoidaan? Onko järjestelmä yhteydessä mm. kirjanpitoon, logistiikkaan tai muualle?
 - e. Kestävä kirjanpito (=sustainable accounting): ovatko laskentatoimi ja kestävyys missään yhteydessä?
 - f. Onko mittausjärjestelmässä puutteita tai heikkouksia?
 - g. Miten järjestelmä on kehitetty? Onko kehittäminen ollut selkeä, strukturoitu prosessi vai onko järjestelmä kehittynyt vähitellen?
 - h. Kuinka usein järjestelmän toimintaa tarkistetaan ja uudelleenarvioidaan?
 - i. Onko liiketoiminnan kestävyyden mittaaminen tuottanut muutoksia tai uutta tietoa?

2. TEEMA: Kestävyyden implementointi
 - a. Onko jokin yrityksen sisäinen taho suhtautunut kestävyystoimiin kielteisesti tai osoittanut muutosvastarintaa? Kuinka tilanne käsiteltiin?
 - b. Johdetaanko kestäävyyden mittareiden implementointia liiketoimintaan tietoisesti? Miten?
 - c. Johdetaanko muiden liiketoiminnan mittareiden implementointia tietoisesti? Eroaako se kestäävyyden mittareiden implementoinnista?
 - d. Miten sidosryhmät sitoutetaan mukaan kestävyysajatteluun?
 - e. Minkälaisiin toimiin olette ryhtyneet implementaatiovaiheen onnistumisen varmistamiseksi?
 - f. Suunnitellaanko implementaatiovaihetta jo mittarin suunnitteluvaiheessa?
 - g. Seurataanko implementaatiovaiheen tapahtumia erityisen tarkasti?
 - h. Kuinka mahdollisiin ongelmiin (esim. muutosvastarinta) implementaatiovaiheessa reagoidaan?
 - i. Milloin implementaatio päättyy?

Appendix 2 Interview structure for the second interview.

Kertoisitko itsestäsi – kuka olet, mitä teet työksesi ja millainen yrityksesi on. Millainen tausta sinulla on kestävän yritystoiminnan kehittämisen parissa? Millaisiin kehitysteemoihin yrityksessäsi keskitytään? Mikä on toimintanne tavoite?

Millaisia yleisiä motiiveja asiakkaillanne on kestävyiden kehittämiseen?

Miksi täytyy kehittää?

Mitkä ovat mielestäsi tärkeimpiä teemoja yritystoiminnan kestävydestä puhuttaessa?

Miten kestävyyttä **mitataan** yrityksissä? Subjektiivisesti/ objektiivisesti? Miten te tarkastelette asiakkaidenne kestävyyttä?

- Onko mittaaminen mielestäsi tärkeässä roolissa? Miksi mitataan tai ei mitata?
- Mitataanko yleensä riittävän tarkasti?
- Miltä mittaamisen tulevaisuus näyttää?

Käsittelettekö työssänne kestävyysuunnitelman **implementaatiota**? Miten avustatte asiakasta implementaatiovaiheessa?

- Kokonaisvaltaisuuden taso – millä tasolla jalkauttaminen on, onko sen seuraaminen tärkeää?
- Tunnistetaanko jalkauttaminen/implementointi tärkeäksi osa-alueeksi?
- Miten onnistunut jalkauttaminen hyödyttää asiakasyritystä?
- Miten jalkauttaminen käytännössä tehdään? Vaihtelevatko tilanteet paljon?

Miten **muutos** liittyy kestävyiden kehittämiseen?

- Millainen muutos uusien kestävyystoimien esittely on?
- Onko se suuri muutos ollenkaan, miten näet asian?
- Miten muutosta hallitaan? Oletko törmännyt muutosvastarintaan?

Voisitko kertoa käytännön esimerkin/esimerkkejä tehokkaasta ja toimivasta yrityksen kestävyystyöstä? Mitä se sisältää ja miten se tapahtuu? Mitä sillä voidaan parhaimmillaan saavuttaa? Millaisten projektien parissa olet työskennellyt?