

Sustainability Performance Measurement for sustainable organizations: beyond compliance and reporting

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1. Introduction

The end of 20th century observed unprecedented prominent changes in corporate strategy and management towards sustainable thinking - the emergence of sustainability as corporate strategy, and making sustainability an integral part of a company's business strategy in order to obtain the bottom-line benefits (Enquist et.al., 2007a; Epstein 2008). But, this requires a dramatic changes in the organizations' performance against the economic, social and environmental (triple) bottom lines (Elkington, 1998), and paying more and more attention to their values and responsibility (Enquist et.al. 2006). Sustainability also necessitates the transformation of mindset and commitment of the leadership and organizational performance to include key stakeholders (Laszlo, 2003; Waddock and Bodwell, 2007). Managing sustainability holistically is challenging and requires a sound management framework that integrates environmental and social performance with economic business performance (Johnson 2007; Schaltegger and Wagner, 2006; Epstein and Roy, 2003). However, Schaltegger and Wagner, (2006) raises a vital question on managing sustainability as its activities may result in establishing a parallel organisation within the company dealing with non-economic issues and measuring non-economic aspects of performance. Epstein, (2008) also indicates that the management is increasingly asking how companies can improve sustainability performance, and, more specifically, how they can identify, manage and measure the drivers of improved sustainability and the systems and structures that can be created to improve performance measurements. Thus sustainability performance measurement (SPM) has to include several factors based on the economic, ecological, and societal issues (Epstein, 2008; Johnson, 2007; Waddock and Bodwell, 2007; Schaltegger and Wagner, 2006; DeSimone and Popoff, 2003).

The paper will introduce SPM based on the organization's values and its ability to communicate and implement its strategies through proactive Corporate Social Responsibility (CSR) thinking; in order to integrate both economic and non-economic issues and measuring non-economic perspectives of the organization. This will assess, in this paper, Enquist et.al.'s (2006) view of a value driven company by applying Waddock and Bodwell (2007) approach for total responsibility management (TRM) and by integrating Post et al.'s, (2002) descriptive, instrumental and normative contributions of stakeholder view. Subsequently, it will illustrate different sustainability measurement indicators and the leadership commitment to act beyond *certification* towards being *sustainable* company with the following research

questions: “Is the company complying with the rules and regulations, efficient enough in integrating management systems and/or measurements and reporting for being sustainable?”

The article will be of an explorative nature. The paper presents concepts of—(i) SPM (ii) organizational change with a sustainability meaning; and (iii) CSR. The paper then illustrates these concepts, based on a theoretical framework, in a case study of Flügger AB (Sweden), a company that has undergone a comprehensive transformation process over a period of more than fifteen years. The company was acting beyond certification to break out of the crises and became efficient in integrating different systems. The paper subsequently draws together the conceptual analysis and the case study in a discussion of how sustainability performance measurement can assess organizations sustainability. Also, develops a framework to assess organizations’ obligation towards sustainability holistically, both internally and externally and the generalizations of the case. The study concludes with some managerial implications and suggestions for further research. Because of the limit space for a QMOD paper the focus is on the conceptual and theoretical analysis part and the empirical part and discussion/conclusion has to be further developed.

The paper makes an original contribution to the study of sustainability performance measurement by explicitly introducing a framework for sustainable organization.

2. Conceptual and theoretical analysis

Sustainability performance measurement (SPM)

Yet few, if any, companies can respond definitively to the questions, “Which of your products, processes, services, and facilities are really sustainable? Is it a sustainable organization?” Answering these questions is requiring the ability to measure sustainability of economic and non-economic factors in a quantitative or at least qualitative approach. Sustainability has been defined as economic development that meets today’s generation needs without compromising the opportunity and ability for future generations (Brundtland, 1985). Sustainability is complex and multi-faceted, covering a broad spectrum of topics from habitat conservation, to energy consumption, to stakeholder satisfaction and financial results. The original or literal meaning of the term is equivalent to permanence and implies notion of durability, stability and eternalness (Cheney et.al, 2004). The simple word sustainability, however, implies no presumption of economic development (Ehrenfeld, 2005). For many people, sustainability translates into being "environmentally friendly", but it is broader than that (Enquist et.al, 2007a, Petros and Enquist, 2007). It represents much more than reducing energy and waste, protecting ecology and recycling (Epstein, 2008; Petros and Enquist, 2007; DeSimone and Popoff, 2003). Therefore, measuring sustainability holistically differs from measuring other dimensions of business performance in several important respects (Epstein, 2008; Schaltegger and Wagner, 2006). *Sustainability performance can be defined as the performance of a company in all dimensions and for all drivers of corporate sustainability* (Schaltegger and Wagner, 2006, p.2). It extends beyond the boundaries of a single company and typically addresses the performance of both upstream suppliers and downstream customers in the value chain (Fiksel et.al, 1999).

The widely applied sustainability measures only have an environmental parameter, such as quantities of substances emitted and resources used, which are not sustainability measures; because they only have a cover to one side of the equation (DeSimone and Popoff, 2003). Fiksel et.al, (1999) argues that SPM must be approached as a systematic business process in

order to be integrated effectively into company strategic planning and day-to-day operations. It deals with the social, environmental and economic aspects (Elkington, 1998) of the companies in general, and of corporate sustainability performance in particular (Epstein, 2008; Schaltegger and Wagner, 2006; Epstein and Roy, 2003; Schaltegger et al., 2003; Johnson 2008).

Sustainability performance reflects one target end of the move of companies in the corporate responsibilities continuum (Bhimani and Soonawalla, 2005; Schaltegger and Wagner, 2006; Johnson, 2007) from corporate conformance, certifying, compliance and reporting with given standards to corporate performance in relation to stakeholder expectations (Epstein, 2008). Although performance measurement has a long history (Neely, 1998) early empirical research into environmental and social (performance) management and reporting was partly founded in the 1970s business ethics debate (Schaltegger and Wagner, 2006). Business strategists, in the last three decades, have developed wide internal management systems and measurements. A range of methods and initiatives were developed in the last two decades to measure different performance of organizations; including principles of sustainability measurement, sustainability accounting, sustainability reporting initiative and other economic measurements. Nevertheless according to Schaltegger and Wagner, (2006) the research during the 1980s, which centred around two features, had also made main contribution to the study. The first dealt with the societal (i.e., environmental and social) performance of corporations. The second focused on a theoretical discussion of how to define and measure environmental and social performance, CSR or corporate citizenship. In general, measuring organizational performance is difficult, especially when what has to be measured keeps changing (Hubbard, 2006).

Corporate social responsibility and performance

The role of CSR in covering corporate responsibilities that address a company's voluntary or optional relationships with its environmental and societal stakeholders has been under debate (Enquist et. al, 2007a). The early 60's, awareness for environmental problems started to motivate the emergence of a new 'ecological' vision of society. Despite Friedman's (1970) argument against business responsibilities to other factors other than the responsibility to increase its profits. This new vision was becoming part of globalization and the internationalization of markets, leading to the emergence of sustainability; distinct guidelines and standards to ease everyday life and comprehend the effects on society, the economy, and the environment (Elkington, 2001). In spite of, Carrol's (1991; 1979) view of CSR on businesses' intent to improve an important aspect of the society or relationships with communities. Grant (1991) dismissed Friedman's (1970) restricted point of view as fallacious, which agreed by most researchers.

CSR is mainly defined as concepts and strategies by which companies voluntarily integrate social and environmental concerns with their business operations and stakeholder interaction (Enquist et.al., 2006). CSR based on Triple Bottom Line, i.e., economic, social and environmental, as a sustainability concept could presupposes a balance between those three issues and creates a more holistic image of the complexity of sustainable development (Elkington, 1998; Enquist et.al., 2006). Further more, environmental efficiency is becoming a dynamic strategy, which presupposes that social expectations of corporate environmental performance are constantly rising (DeSimone and Popoff, 2000). The adoption of environmental initiatives by a company can also be as a result of its concern for its social obligations and values (Bansal and Roth 2000; DeSimone and Popoff, 2000). In other words,

CSR is the concept that an organization is accountable for its impact on all relevant stakeholders.

Enquist et.al. (2006), conceived CSR as an institutional pressure levelled against organizations. In analysing the effects of CSR, Enquist et.al. (2006) cite Oliver's (1991) typology regarding strategic responses to institutional pressures as an important contribution to neoclassical economies. But neoclassical economies theory is giving no guidance on the ethical dimension of CSR. To fill this gap in the institutional analysis, Enquist et.al (2006) draw manifestations of CSR based on Oliver (1991) typology. Even though, they argued that the explanation power in later case is weaker, especially when it comes to a specific institutional pressure. Therefore, Enquist et al. (2006) empower Oliver's (1991) typology with Roberts (2003) manifestations of CSR, in order to understand the management practices of sustainable organizations.

Schaltegger and Wagner, (2006) argue that CSR definitions, based on Carroll, (1999; 1979); fail to consider the general economic relevance of corporate societal engagement. As well its activities may result in establishing a parallel organisation in the company (e.g., environmental department and delegates, or employee relations) dealing with non-economic issues and measuring non-economic aspects of performance. This argument is one of the departure points for this paper towards assessing CSR and sustainability performance on organizations. Besides, Vogel (2005) has utilised a broader concept of CSR when describing it as a "market for virtue". He investigates whether there is a business case for CSR. His answer seems to be yes, but with two constraints; although, as Vogel also says, no one has ever proven the opposite. Xueming & Bhattacharya (2006) have tried to answer the question between CSR and profit based on secondary data where the relationship between CSR, Customer Satisfaction and Market Value is investigated. Recently, Edvardsson and Enquist, (2008) based on their past studies proved that CSR can be a proactive approach and business model for values based companies.

Organizational change for Sustainability

The concept of sustainability with regard to organizational change can be defined in various ways; as sustainability cannot be defined for a single corporation (organization) (Elkington, 1998). Buchanan et.al. (2003), consider sustainability on a continuum of work methods, goal attainment and process of development. Maintaining work methods suggests a static view; as an evolving social, economic, technological and political context can render work methods and targets obsolete. A focus on ongoing development suggests a more dynamic or evolutionary perspective. They conclude that there is no 'one correct' generic definition of this term, which will acquire different meanings in different organizational contexts, at different times.

This discussion considers sustainability a type of change involved in organizations upon top managements' decision and commitment. Leadership is one of the single most important requirements of sustainability and organizational change; as top management's commitment is a basis for change (Enquist et.al, 2007a; Waddock and Bodwell, 2007). Companies as an institution are requiring a shift in mind-set and practical initiatives to integrate stakeholder management to face the prospect of an evolutionary leap to sustainable value (Laszlo, 2003). Stakeholder management practices have favourably affected the long-term performance and status of companies through the implementation process, governance and its impacts (Post et al., 2002). Edvardsson and Enquist (2006) and Enquist et.al, (2007b) put a good example of

companies that their leadership commitment act as value-creators for their main stakeholders and in return to their stockholders. Creating Efficiency through its ability to integrate and adopt different systems and measurements - an approach for TRM as described by Waddock and Bodwell, (2007), is also a main departure of management towards change. TRM consist systems and procedures to ensure responsible business practices and management.

Determining organizational changes have been persistent in a given specific nature of the pattern of change under consideration in each organization. In this change process an integrated perspective on sustainability is necessary to capture the complex set of corporate responses to the wide array of influences (Benn and Dunphy, 2004). This supports an evolutionary change concept of sustainability based on continuous developments, i.e. way of organizational change with the introduction of different systems, standards, such as EMS-ISO 14001 with reporting, such as GRI. Continuous change may only be effective where the timing and pace are carefully phased (Abrahamson, 2000; Myerson, 2001) with effective management systems (Enquist et.al., 2006). However, many organizations sought to achieve sustainability during the 1990s, generating ‘initiative fatigue’ (Buchanan et.al., 1999; Morgan, 2001; Buchanan et.al., 2003). Sustainability can thus be damaging, and it may be advantageous for some initiatives to decay. It is unrealistic to regard the concept of sustainability as desirable in all contexts and circumstances (Buchanan et.al, 2003).

The edge of this paper is to asses the performance of organizations sustainability based on long-term strategic change. Many corporations now market themselves as a “compliant” according to standards set by different bodies, both governmental and non-governmental or society. However, transformation from being only “compliant” is also coming to recognize the benefits for the firm, which working in the new system. This could only lead organizations towards environmental social and economic sustainability and/or TBL and beyond (Enquist et.al, 2007b). According to Benn and Dunphy (2004), the principles of industrial ecology, of community, interconnectedness and cooperation, can be seen as a model for corporation wishing to move towards sustainability (Ehrenfeld 2000).

Summary

Based on the above theoretical and conceptual discussion an SPM framework is developed below in table1. This frame work will be adopted in the case to analyse the organization’s surface based on TBL and the internal performance based on TRM.

Environment	Performance Measurements	Indicators
Surface/External	Triple Bottom Line - Elkington, 1998	Environmental
		Social
		Economic
Internal	TRM - Leadership Waddock and Bodwell, 2007 Post et al., 2002	Integration (different standards)
		Descriptive/Potential-values
		Normative/Core-values
		Instrumental/Value- creation

Table1: SPM indicators

3. Empirical study

Research design

I have been following developments at Flügger AB (Sweden) of several years. Data for the case study was collected by analysing documents and reports (internal and external), collecting media articles, Internet documents and information, and relevant publications and personal observations at the plant, which were covered in detail as a part of my Master's thesis. Furthermore, I interviewed three Flügger AB employees in different managerial positions, as well as the consultant from Miljöcentrum¹. This has provided me with an extensive basis for developing this case. I also rely on experience and the literature in order to present the evidence in various ways using different interpretations and measurements, as the interest in this case relates to organizational change rather than specific problems.

The construct of this case study is “designed with purpose” (Harrison and Freeman, 1999) to analyze and conduct an in-depth study of the role of CSR and its affects on sustainability and service development at the Flügger AB in Sweden. The case study method was chosen in order to assess and reveal the strength and extremity (Yin, 1994) of creating sustainability and value. The study focuses on narrating (Pentland, 1999) the period following Flügger AB (Sweden) being assaulted by the media in the early 1990s and draws some theoretical findings (Eisenhardt and Graebner, 2007).

Flügger AB. Case Study

The Flügger Group is one of Scandinavia's leading manufacturers and sellers of paint and home décor products. The Swedish plant in Bollebygd, which is the major object of this case study, has a paint production capacity of more than 13.8 million litres/annum (in 2004), with an annual turnover of MSEK 457 (2003/04), approximately 300 employees, and accounting for 34% of the Flügger Group's total production. The group has more than 400 “Flügger décor” shops in Sweden and engaged in “Home décor solutions”, by offering pre and post sales service.

The early 1990's assault by the media for irresponsible environmental actions, especially after a major incident involving an organic solvents leak into the River Sörån, was led Flügger for strategic response; to become greener, create value for its customers and adopt new business model. The management was focused, at the time, on maximizing product sales and increasing profits. And they did believe that the company was taking environmental issues seriously. But, an initial investigation at the time showed that the plant was in a terrible state as regards environmental safety. As a matter of fact, in 1991, the company had been at the crossroads of either being a pioneer in environmental sustainability and create value from social responsibility or going out of business.

¹ Miljöcentrum was founded in 1971 by Björn Gillberg (Hon. Ph.D.), President, to inform and educate the public about the effects and means of reducing or eliminating pollution. It is a non-profit organization that is funded by voluntary contributions from Swedish citizens (without receiving any support from government or industry). The centre has also been involved in consulting for public and/or private organizations by offering the best scientific solutions to their environmental problems. Moreover, Miljöcentrum's environmental strategy is to lodge claims for damages against polluting companies – using the legal system as a weapon.

The management has forced to make a strategic decision, an initial decision, to alter Flügger's image in 1992 by establishing an internal environment and quality policy as a necessity for survival. The first step consisted of implementing a widely-accepted quality management system ISO 9001. The company was awarded its ISO 9001 certificate for quality in 1994. Consequently, it was decided that the management system for quality should be extended to include external dimensions of the environment. Thus, Flügger started to look deeply into the environmental management systems that were available at the time. Hence, Flügger's management made an enterprising decision and asked the highly-acknowledged and technologically hardcore environmental centre, Miljöcentrum, to assist them. Following successful implementation, Flügger received its ISO 14001 certificate and EMAS registration on 30 May 1996. This was a basis for its achievements in transforming the organization and creates a ground for new products development. This individual decision also turned the industry's view and the nature of competition in the marketplace.

In analyzing the achievements and progresses of Flügger AB in the last ten years, I adopted the triple bottom lines, based on the available sustainability standards and systems.

Sustainability Performance Measurement

Different indicators based on their internal and external effects through ISO14001 and other long-term effects can measure environmental performance of Flügger AB. To keep up the employees' level of knowledge is also an extremely important aspect and a substantial part of continues learning and improvement process in the company. Such a constant learning process requires encouragement and supportive measures.

Benchmarking: The 1995 Miljöcentrum's report was a well-founded benchmark to start on. The success of Flügger's attempts to achieve environmental sustainability is reflected in Miljöcentrum's reports on the company. Having recorded 628 adverse environmental observations between 1995 and 1999, the agency's reports contained no negative observations whatsoever between 2000 and 2004.

Environmental Measures:

Process water and hydrocarbons - towards a closed system: The Company's *water-treatment* system resulted in a waterfall on the River Sörån becoming pristine enough to be a suitable spawning environment for salmon and bought by the local administrative authority in 2004. By May 1999 the waste-water system had been completely closed as a result of the installation of a distillation plant, and process water is no longer discharged into the river.

A 'bio-bed' has also been installed. This has reduced biological residues in the plant's *air-ventilation system* by 85% since 1994, despite an increase in production.

Waste: Wastes were reduced by 61.5% from 1992 to 1997. The goal had been to reduce total volumes of waste from 338 litres/1000 litres of product in 1992 to a maximum of 150 litres/1000 litres of product in 2005; however, this target was achieved between 1997 and 2001. Further waste reduction has been achieved by requiring suppliers to introduce EMS and use environmentally friendly packaging. All solid waste is now recycled or used in energy production. Flügger has also made significant progress in reducing indirect waste in the form of plastic packaging, steel cans, and cardboard. This decreased by 164.5 tonnes from 1994 to 2004, despite an increase in production and sales.

Organic solvents in paint: The *substitution* of organic solvent-based products with water-based products drastically reduced emissions of organic solvents during application by

approximately 400 tonnes by 2004. Emissions during production were as well reduced from 5.13 grammes/litre in 1991 to 0.254 grammes/ litre in 2004.

New product development: The Company developed, as the first paint producer in Sweden, a high-quality wood-oil free from organic solvents called Träolja.

Substituted raw materials: 16 toxic substances (including fungicides, softeners, wood protectors, dispersers, biocides, and emulsifiers) had been replaced by environmentally friendly alternatives in the period from 1994 to 2004.

Energy consumption: With respect to *energy consumption*, the results were not as good. Flügger's consumption of oil per kg of produced output was 17% greater in 2004 than in 1994, and that of electricity was 13% greater. This might reflect a change in production to more energy-intensive methods, or it might reflect different weather conditions in 1994 and 2003. More research is required to clarify this matter.

Suppliers: Flügger also established an environmental policy and guidelines for its *suppliers and subcontractors*. This includes a grading system for its suppliers, based on their compliance with environmental regulations and eco-friendly practices.

Social Measures

Employees: With respect to its employees, Flügger introduced comprehensive training programs to empower its employees and create core competencies based on a 'bottom-up' approach. The company also invited its staff to participate actively in this work by suggesting improvements based on their own experience. Staff attitudes and general staff culture were enhanced by: (i) the use of environmentally friendly public transport; (ii) the installation of engine heaters in the staff car park; and (iii) the introduction of a salary-bonus system. The company has also invested in a video-conferencing facility to reduce the costs and environmental impact of company personnel travelling within Scandinavia.

Customers: To minimise health risks to *customers*, Flügger developed, as the first paint producer in Sweden, water-based alternatives to paints and wood oils based on organic solvents. Almost 70% of Flügger's products are now water-based, and the aim is to reach 100% water-based paint production by 2010 in accordance with European Union regulations regarding volatile organic compounds (EU-VOC). As a consequence of this strategy the company has introduced a free service that focuses on teaching lay customers how to mix paints, test them, and apply them. For professional customers, the free service tests new products and provides pertinent information about health and the environment.

In addition, the company arranges courses for its staff and professional customers to ensure a uniform professional service attitude throughout the company. These courses cater to approximately 1000 people per year.

Economic Measures

Flügger's total market share increased from 7% in 1996 to approximately 15% in 2004, and its paint market share increased to 18–20% in 2004. Furthermore, the firm's sales turnover increased from SEK326 million in 1995 to SEK475.5 million in 2003/04. In 1998 Flügger's sales of Träolja oil had increased to over 120,000 litters that are 50% of their total wood oil sale, in this matured and stable Scandinavian market.

TRM –

Flügger's management took sustainability seriously as a core part of the company, beyond looking good, and develops and implements its business model.

Integration (different standards): Flügger's management was adopted a strategy driving by the eco-efficiency approach in integrating EMS with the existing business management systems, such as TQM and other systems in the operations management to create high performance and efficiency. The Flügger case is a good example of this integrative perspective of ISO-certification, TQM-process, and EMAS.

Descriptive/ Potential-values: The unexpected challenges faced the management of Flügger leads to an organization-wide commitment. For the top executives in the change process was a high-risk mission. If they have been set the EMS objectives and targets too low the irresponsibility act on environment from the company side had still been obvious for the market. This situation led them to choose a change agent as Miljöcentrum, coming from an environmental NGO, and how it took the job with a simple instructions of being transparent on every step to all their stakeholders and forced Flügger to adopt the EMS as a culture in the organization, must be seen as a very unusual step leads to strategic decision.

Normative/Core-values: Flüggers' commitment to fully sustainable transformation and to the "triple bottom line" recognizes the favourable stakeholder relationship and a devotion to broad environmental objectives. As well, the widespread recognition as a pioneer in acquiring ISO14001 – environmental and technological leadership, ISO 9001 for product quality, with a well known brand in the Nordic countries and business integrity have proved to be increasingly valuable over the long-term.

Instrumental/Value- creation: The distinctive partnerships between an employer and the employees have positive effects from being a financially solid group listed at the stock exchange to higher credibility amongst its employees and potential new employees. Flügger's management vision is to be ahead in this development and not to be exposed to any risks in particular. Hence, as part of this strategy is brand development and market share growth. Their main brands have been registered and are continuously supervised.

Reporting

Flügger was certified for EMAS in order to publish their environmental report based on their transparency agreement with Miljöcentrum in 1995, all their documents are open. As well, they submit their reports to local government and other concerned parties.

Summary

Flügger's initial decision in 1992 to change its environmental policy and reputation was born of necessity to ensure immediate survival. However, in the longer term, the many investments it has made have had the effect of placing the company in a leading position with respect to market share growth, eco-efficiency, sustainability and competitive advantage. The company's success had the effect of transforming the views of its customers the whole industry on the nature of sustainability, management, innovation, engagement and costs.

4. Discussion conclusion and further research

According to Enquist et.al, (2006) for using CSR in a more proactive way as a driving force for value creation (Norman, 2001; Prahalad and Ramaswamy, 2004) fundamental question to be asked is: value for whom? (Flyvbjerg, 2001) To comprehend the mission and vision of using CSR as a driving force for value creation to both shareholders and stakeholders Enquist et.al (2006) argue for the necessity of a deeper stakeholder analyse. Although these models neglect the role of understandings and collaborative behaviour developed over time in the long-term success (Waddock and Bodwell, 2007; Post et al, 2002). As part of this study and recommended by Enquist et.al. (2006) I applied Responsibility management of both Waddock and Bodwell, 2007 and Post et al., (2002) contributions to analyze and interpret Flügger's case.

TRM is describes the internal codes of practice and systems that organizations are developing to manage their responsibilities-social, environmental, and ethical. This is in response to pressures from stakeholders, actors, standards, trends, and institutional expectations (Waddock and Bodwell, 2007). Flügger executives' initial decision creates a responsible organization with ethical values. Post et al. (2002) *descriptive* emphasises on the social and the political dimension of an organisation's strategic environment. But it is also highlights the value of humanitarian, ethical and behavioural aspects which are important for all types of stakeholders, in the long term success (or possibly failure) of the enterprise. The challenges put on the shoulder of the management in Flügger into fundamental changes in corporate behaviour. *Instrumental* is for a more dynamic perspective on success-drivers of stakeholders view. This view represents a comprehensive description of wealth creation process, with a special emphasis on "rational wealth", but also for potential problems (Post et al, 2002). *The normative* is of core values that have to be continuously updated and sustained through organizational learning-process. This base precedes and underlies its descriptive accuracy and its instrumental contributions to corporate success, as the stakeholder view of the corporation is fundamentally normative (Post et al, 2002). Flügger's commitment to fully sustainable transformation and to the "triple bottom line" recognizes the favourable stakeholder relationship and a devotion to broad environmental objectives. These can also be seen in the case of H&M. Transformation process by adopting different mechanisms, and are striving now to be a sustainable company. The cases of IKEA and Starbucks can also be good examples of this level.

In assessing the generalizations of Flügger's sustainability based on the above indicated factors, I developed a framework Fig 2. Companies have to be committed and act beyond efficiency and reporting to be sustainable organization.

In order to illustrate the figure more; *Certification and Efficiency* are part of the organizational internal performances. Certifying for different standards and systems – ISO 14001 and ISO 9001 for Flügger. *Efficiency* represents technical and supervisory training augmented with interpersonal skills training. It is also asses the company's ability to integrate different kinds of standards or systems, for example, ISO 14000 integrated with TQM and other systematic approaches - an approach for total responsibility management (TRM) as described by Waddock and Bodwell, (2007).

Reporting represents the company's commitment and ability of communication with external stakeholders. In the case of Flügger sustainability report is complying with an EMAS statement and other annual reports submitted to different environmental and governmental authorities according to EMS - ISO 14001.

The Sustaining Organization is the one who can create value for both the shareholders and the stakeholders. Although it is hard to generalize Flügger's success lead the company to being sustainable.

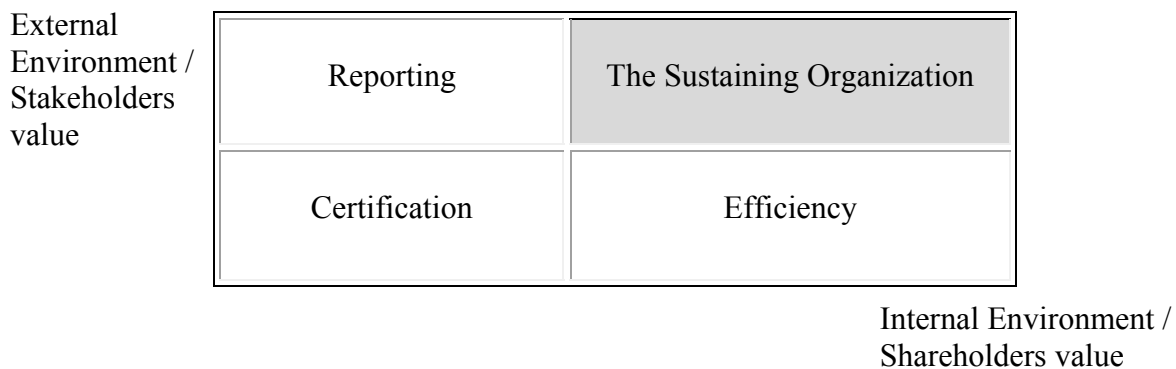


Figure 2: *The framework for process of sustainable Company*

Compliance to different kind of standards can be seen in a continuum as companies have to make continuous improvement based on the standard or system they agreed to work with or certified, such as ISO 14001 in the case of Flügger. It can also be some other big companies' way of acting sustainably, as IWAY of IKEA. At the beginning, environmental concerns stimulated corporations as a driving force to act beyond compliance; from strategies in compliance with government regulations and other concerned parties pressure to reduce environmentally harmful outputs - to sustainable development strategies and reporting, which proactively attempts to go beyond resource conservation to assure the wellness of future generations.

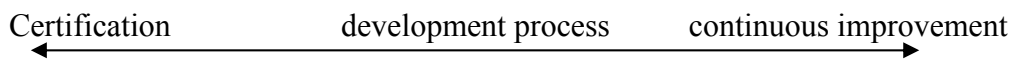


Figure 1: *Compliance - a continuum of practice*

Finally, the paper illustrates the importance of SPM, whereby the performance and commitment of managers can be measured. It also illustrates that the managers have to be conscious of the importance of measuring performance both internally and externally. I argue that sustainable value creation requires more than adherence to external standards; rather, it requires a shift in mindset in order to make a proactive leap towards sustainable value. In addition, future research could examine whether these indicators could apply in other settings and cases. There is a need for in-depth research into the assessing SPM, from different perspectives, using best-practice cases as a learning base.

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