

ANALYSIS OF MEASUREMENT OF SUSTAINABLE DEVELOPMENT IN THE INSURANCE COMPANY

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Abstract

There are a number of different ways how to measure the company's performance on sustainable development; despite it is not easy task to identify and choose which method is more accurate and appropriate, researches have shown that framing sustainability performance with methods of measurement can bring clearness into accountancy and significantly increase a company's performance. The object of the research is the biggest insurance company in Lithuania and the Baltic countries. In this paper the key methods of sustainability indexes and sustainability indicator systems that are used in a level of company are analysed. To find out how the results of two measurement methods for company's sustainable development might differ, while measuring the same company, the expert analysis was used. The analysis of sustainability measurements of company's performance on sustainable development shows that there is likely to be different possible outcomes if company is being analysed by two, or more, different measurement methods.

Keywords: Sustainable Development, Dow Jones Sustainability Index, Corporate Sustainability Grid, Insurance company, Sustainability Indexes, Sustainability Indicator Systems

Introduction

Sustainable development stands for a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress (European Commission ..., 2014). Though the definition is quite simple one, but it leaves a big gap for interpretations in many sectors, one of it - business. Despite interpretations and controversial opinions, the principles of sustainable development are

permanently incorporated in the company's strategic and operational plans. Galbreath (2009) has defined it: 'sustainability [is] a business approach that seeks to create long-term value for stakeholders by embracing opportunities and managing risks associated with economic, environmental and social developments'.

Acting on three major points – environmental, economic and social – in order to implement sustainability and change business daily activities, companies are facing the evaluation and determination issues. It would be safe to say that not the sustainability on its own is the main issue for any company, which is willing to implement sustainability's dogma in its business activities, but its measurement. The measurement that helps to identify in which sustainability's integrating position corporate is and represents the level of economic performance, social interactions, and environmental issues of the company. Parisi (2013) analyse the importance of measurement system in a company and with reference to prior research and researchers (Cavalluzzo & Ittner, 2004; Cinquini & Mitchell, 2005; Davila, 2000; Shields, 1995) has indicated that organisational factors can play an important role in the perceived success and use of strategic performance measurement systems (SPMS). Over the past two decades, interest has grown in developing indicators to measure sustainability (Stankevičienė et al., 2013). New forms of measurement systems have granted a more central role to the company's social and environmental initiatives (Adams, 2004; Gray & Bebbington, 2001).

In this paper the analysis of measurement of company's performance on sustainable development and comparison of possible measurement outcomes will be presented. One of the Lithuania's largest insurance companies was chosen to analyse. The company was selected because it already has received Dow Jones award in 2010 and it makes the research more practicable.

The paper will present an analysis of different sustainability measurement methods, which are frequently mentioned in the literature. Later on, two different ways of measurement will be compared; the first one is Dow Jones Sustainability Index (further DJSI) and another one is from sustainability indicator system - Corporate Sustainability Grid (further CSG) method. At the end, the possible measurement outcomes of these two methods will be compared on the insurance company's performance.

The Corporate Sustainability and it's Measurement

The term sustainability, as well as its measurement, reminds us of a story of the proverbial few blind men who have never seen an elephant, and who are trying to understand how an elephant looks by touching and feeling its different body parts. The blind man touching its leg thinks that the

elephant is like a pillar; the blind man who feels the ear concludes that the elephant is a fan; and the blind man who touches the stomach thinks that the elephant is a big pot. The meaning of the term is also context specific (Bhagat et al., 2011).

Parisi (2013) relying on researches (Cho et al., 2010; Parisi & Maraghini, 2010; Bhattacharya & Sankar, 2004) has analysed the situation and stated that statements of sustainability telling us about the number of companies making sustainability commitments, however, do not reveal much about actual practices. Subsequently, it is not surprising that scholars and practitioners have called for sustainability to move from a peripheral, add-on activity to becoming better integrated into all core business functions and activities (Busco et al., 2007; Porter & Kramer, 2006).

There is an upsurge in sustainability actions and sustainability reporting as a way for corporations to respond to the growing call for increased accountability and transparency (Laine, 2009). The need for measurement and measurement reporting is necessary and twofold.

First, stakeholders need to compare, on a level field, the sustainability actions, commitments, and performance of corporations. Tools that can aid in this endeavour are critical for corporate success and those companies who experience the most success with sustainability programs have identified a good “fit between the sustainability strategy and the corporate competitive strategy” of their organization (Baumgartner & Ebner 2010). Making these types of strategic connections requires adequate processes and management tools. In calling for new sustainability accounting systems to more effectively communicate sustainability performance, Perrini and Tencati (2006) insisted that a truly “sustainability-oriented company is fully aware of its responsibilities towards the different stakeholders and adopts methods and tools that allow it to improve its social and ecological performance”.

Secondly, measurement and its reporting is needed because in a global market economy, with vast resources controlled by large private companies, social problems and environmental degradation are linked to corporate operations and operating policies (Laine, 2009).

The consideration of sustainable factors could increase a company’s performance remarkably (Eccles et al., 2012). While companies used to focus on financial performance, now the focus has shifted to considering environmental and social performance as well. This trend is not only based on ‘image’, but recent research has proven that a complex approach regarding sustainability could significantly increase a company’s performance (Wagenhals et al., 2014). Sustainability Indicator Systems and Corporate Sustainability Measurement Models are increasingly recognized, tested, and accepted, they are becoming important component of both public

and social agendas for the development of a sustainable society (Callado & Fensterseifer, 2011).

There are a number of different ways how to measure sustainability, but the question is – do they show the same results, considering the different positions (classes) on company’s sustainable development level?

In this paper sustainability indexes and sustainability indicator systems, the methods, which are frequently mentioned in the literature, will be analysed. The key methods of sustainability indexes and sustainability indicator systems that are used in a level of company will be analysed in the next chapter.

Sustainability Indexes and Sustainability Indicator Systems

According to Bansal (2005), organizations must apply the principles of environmental integrity, economic prosperity and social equality to its products, policies and practices in expressing actions in favour of sustainable development. Although the literature presents several actions, programs and practices related to corporate sustainability, its measurement from this perspective is not an easy task, given complexity inherent in the concept. However, it is essential for organizations to internalize and counter threats, and enjoy the many opportunities presented.

For the past two decades, there have been many local, regional, state/provincial, national and international efforts to find useful sustainability indicators (Stankevičienė et al., 2013). According to IIFSD (2008) sustainability index is an aggregate sustainability indicator that combines multiple sources of data. Generally, Sustainability Indicator Systems or Corporate Sustainability Models are composed from a thorough literature review, from which an initial list of sustainability indicators is being obtained. It allows calculating a certain company’s position contemplating environmental, economic and social dimensions (Callado & Fensterseifer, 2011).

After accomplishing the analysis of scientific literature, the systematic information of the indexes and indicators systems (see Table 1) is presented in the table below.

Table 8: Summarizing the Key Sustainability Indexes and Key Sustainability Indicator Systems (Source: Bhagat *et al.*, 2011; ESG Indicators, 2013; Thurbon, 2014; London, 2012; Callado & Fensterseifer, 2011).

| Index | Key Indicators |
|---------------------------------------|--|
| Sustainability Indexes | |
| Dow Jones Sustainability Index (DJSI) | Environment: Qualitative environmental reporting on material, indirect/direct environmental issues; quantitative environmental reporting on key performance indicators, targets, assurance, coverage Industry Specific Criteria (environmental management systems, climate strategy, biodiversity impacts, product |

| | |
|-------------------------------------|--|
| | <p>stewardship, etc.)</p> <p>Social: Talent attraction & retention, human capital development, labour practice indicators, corporate citizenship/philanthropy, social reporting Industry Specific Criteria (product information, product quality and recall management, global sourcing, occupational health & safety, healthy living, bioethics, etc.)</p> <p>Economic: Corporate governance, risk & crisis management, codes of conduct/compliance/corruption, Industry Specific Criteria (brand management, customer relationship management, supply chain management, marketing practices, innovation and R&D, renewable energy etc.)</p> |
| STOXX Sustainability Indexes | <p>Human rights: Audit and supply chain – both internal and external, gender equality and diversity programmes, the extent of community involvement in the context of business environment.</p> <p>Labour relations: Lost time injury rate and fatalities declining or flat if already at low level, training hours per employee, relationship with unions.</p> <p>Environmental management: The existence of an environmental management programme, certification against standards such as ISO 14001, publishing environmental consumption figures and trends (green-house-gases, waste, energy and water)</p> <p>Good Governance, anti-bribery and corruption: The existence of appropriate internal controls through an audit system, with board level oversight, level of board independence, quality and diversity, remuneration incentives and its implication for risk taking/appropriate inclusions of ESG elements, litigation actions against the company, taxation scandals, accounting quality.</p> <p>Innovation: Percentage of sales devoted to research and development, method by ESG factors are included in capital allocation, revenue derived from “sustainability” products where appropriate.</p> |
| FTSE4Good Series | <p>Environmental: Climate change, pollution and resources, water, biodiversity, environmental supply chain.</p> <p>Social: Labour standards, human rights and community, health and safety, customer responsibility, social supply chain.</p> <p>Governance: Corporate governance, risk management, anti-corruption, tax transparency.</p> |
| Domini 400 Social Index (DSI) | <p>Environmental: Alternative energy, climate change, liabilities, management systems, regulatory problems.</p> <p>Social: Community relations, workforce diversity, employee relations, human rights, product quality & innovation.</p> <p>Governance: Accounting, executive compensation, political accountability, transparency, ownership.</p> |
| Sustainability Indicator Systems | |
| Corporate Sustainability Grid (CSG) | <p>Environmental: Environmental Management Systems (EMS), amount of water used, processes resulting from environmental violations, training, education employees in areas related to the environment, saving of energy, development of balanced technologies, life cycles of products and services, amount of fossil fuel per year, recycling and reuse of water, environmental accidents,</p> |

| | |
|---|---|
| | sources of funds used, waste reduction, production of toxic waste, ISO 14001, soil quality, and quality of surface water. |
| | Economic: ethical investment, spending on health and safety, investment in clean technologies, level of indebtedness, profitability, market share, environmental liabilities, environmental protection, audit, evaluation of results of the organization, sales, spending on health and other benefits, return on invested capital, and quality of products. |
| | Social: Generation of employment and income, aid in education and training, safety standard of work, organizational ethics, social interaction, employability and management of career ending, distribution policies of profit sharing between employees, international standard of conduct, training and development of employees, fatal accidents, legal contracts, stress at work, and product safety. |
| Sustainability Evaluation and Reporting System | Social: the ethical policy, the value-added statement, and the stakeholder analysis |
| | Environmental: accounting of the energy and materials used, including an input/output analysis (consumption/emissions) of the operations as well as a lifecycle analysis of the products, resources, and pollutants of the organization |
| | Corporate: set of integrated performance indicators, which allow a company to readily check and report on its overall corporate performance. |
| Sustainability Maturity Model (SMM) | A profile for corporate sustainability strategies that included key sustainability issues which must be addressed in order to reach defined sustainability goals. Introverted – a risk mitigation strategy, focusing on legal and other external standards. |
| | Extroverted – a legitimating strategy focusing on external relationships |
| | Conservative – an efficiency strategy focusing on eco-efficiency and cleaner production |
| | Visionary – a holistic sustainability strategy focusing on sustainability issues within all business activities in order to gain competitive advantages from differentiation and innovation leading to stakeholder benefits. |
| Adaptive Quadruple Bottom Line Scorecard (AQBLSC) | Distinctions between operational performance and intelligence (or creative learning) performance; drawing a distinction between outcomes and impacts; and aligning the perspectives with sustainability. |

There are certain indexes with tracked elements measuring companies or countries performance on sustainable development, such as further DJSI. Furthermore, sustainability indicator systems are increasingly recognized and accepted, such as CSG, the method that measures sustainability in the corporate context by integrating results from the environmental, social and economic dimensions, presented by Callado and Fensterseifer (2011). Most of sustainability indexes or sustainability

indicator systems have similar or the same replicate actions, but sustainability indexes are easier to apply, such as CSG, and the company is able calculate it itself for self-examination. Next chapter will present the working principles of these two selected measurement methods that later on will be used for research.

Comparison of Sustainable Development Measurement Methods:

Sustainable Development measurement methods rarely distinguish in specific industries (e.g. insurance industry) – the most predominant factors and indicators from environmental, economic and social perspectives are being considered – and it did not influence authors' choice of Sustainable Development measurement methods.

The decision was taken to select DJSI and CSG methods, and compare them in the research, not just for the reason that these methods are measuring and seeking for satisfaction of the needs for direct and indirect stakeholders of companies (shareholders, employees, customers, communities, and others) without compromising the ability to satisfy the needs of future stakeholders, but the analysed insurance company has already got DJSI. That makes the research on the current situation more pragmatic. The second method was chosen from sustainability indicator system, which reunites many indicators coming from the most significant literature worldwide, combined in three levels (economic, social and environmental dimensions). The chosen model provides a tool for evaluating and rating companies and/or groups of companies, irrespective of their size, types of activities or other characteristics, through the use of sustainability indicators that integrate the three pertinent dimensions. The CSG can be used as a tool for evaluating the performance associated with corporate sustainability practices. Entrepreneurs, managers, audit firms, governmental and non-governmental organizations, and other users can find the use of this grid in their realm (Callado & Fensterseifer, 2011). The comparison of the chosen measurement methods and the findings about analysed insurance company performance are given in the following few sections.

Dow Jones Sustainability Index Working Principles:

DJSI are denominated in both US dollars and Euros and the indexes are calculated using the Laspeyres formula. All indexes that are not subsets exclude companies that generate revenue from alcohol, tobacco, gambling, armaments and firearms, and adult entertainment. Index components are based on free float market capitalization and most main indexes are reviewed quarterly, excluding the world index. Customized indexes are continuously being developed and delivered to encompass different regions or individualized sections of companies to add additional exclusions when

needed and to change the currencies they are denoted in (Dow Jones Sustainability Indices, 2014).

A defined set of criteria is used to access the environmental, economic and social opportunities of the companies that the DJSI has listed, which are chosen based on the Corporate Sustainability Assessment by RebecoSAM research. Information comes from the annual RebecoSAM questionnaire, company transparency documentation, media and stakeholder reports, and persona contact with the companies. Industry leaders from RebecoSAM research’s Corporate Sustainability Assessment are chosen to be listed on the DJSI (Dow Jones Sustainability Indices, 2014). At the outset of DJSI’s Corporate Sustainability criteria, RebecoSAM mainly focused on government compliance and regulations. It has evolved to embrace Corporate Sustainability as a key competitive advantage, taking into account nine specific criteria in addition to industry specific criteria. Below (see Table 2) are the criteria and weightings RebecoSAM uses to access a company’s overall score.

Table 9: RebecoSAM criteria and weightings (Note that these weightings are approximations, and actual weightings may differ between industries) (Source: SAM, 2009).

| Criteria | Weightings |
|------------------------------|------------------------|
| Environmental dimension: 33% | Industry criteria: 57% |
| Economic dimension: 33% | General criteria: 43% |
| Social dimension: 33% | |

Included in the most recent RebecoSAM questionnaire are more difficult to ensure intangible business attributes such as innovation and customer relationship management. Questions are both directed at short-term risks and opportunities and sustainable long-term value creation (SAM, 2009).

From these questionnaires (RebecoSAM, 2014) each company can be awarded one or a combination of the following status (see Table 3).

Table 10: RebecoSAM awards (Source: Price Waterhouse Coopers; 2010, SAM, 2010)

| Status | Meaning |
|----------------------|---|
| Sector Leader | In each sector, the RebecoSAM Sector Leader id identified as the company best prepared to seize the opportunities and manage the risks deriving from environmental, economic and social developments. The RebecoSAM Sector Leader is the company with the best score of all companies assessed in this sector. |
| Sector Mover | Sector Mover is awarded to the company that achieved the biggest proportional improvement in its sustainability performance compared with last year. |
| RebecoSAM Gold Class | To qualify for the RebecoSAM Gold Class, the RebecoSAM Sector Leader must achieve a minimum total score of 75%. Peer group companies whose total score is within 5% of the RebecoSAM Sector Leader are also awarded. RebecoSAM Gold Class – a score up to 10% lower that the leader results in RebecoSAM Silver Class a score up to |

| | |
|------------------------|--|
| | 15% lower than the leader results in RebecoSAM Bronze Class. |
| RebecoSAM Silver Class | To qualify for the RebecoSAM Silver Class, The RebecoSAM Sector Leader must Achieve a total score in the range of 70-75%. Peer group companies whose total score is within 5-10% of the RebecoSAM Sector Leader are also awarded RebecoSAM Silver Class, while a score of 10% lower than the leader results in RebecoSAM Bronze Class. |
| RebecoSAM Bronze Class | To qualify for the RebecoSAM Bronze Class, the RebecoSAM Sector Leader must achieve a total score in the range of the 65-70%. Peer group companies whose total score is within 10-15% of the RebecoSAM Sector Leader are also awarded RebecoSAM Bronze Class. |

Corporate Sustainability Grid Working Principles

Callado and Fensterseifer (2011) research involved a thorough literature review, from which an initial list of sustainability indicators contemplating environmental, economic and social dimension was obtained. This resulted list of 435 sustainability indicators (177 environmental indicators, 108 economic indicators and 150 social indicators), from which 16 environmental indicators, 14 economic indicators and 13 social indicators was selected for CSG model. This model allows finding the indices of company's individual performance (environmental, economic and social), the calculation of the Partial Sustainability Score (further PSS), the calculation of the Corporate Sustainability Score (further CSS), and its position on the CSG. The PSS is calculated by the sum of all indicators results multiplied by the weight of the same indicator.

After obtaining the results, we can classify company's performance in each dimension considering the minimum Score (Smin), average Score (Save), and maximum Score (Smax). By obtaining the results and comparing them to the average score of each dimension we can evaluate a company's performance in comparison to the PSS. To the obtained PSS, it is attributed a value that can be either 0 (unsatisfactory performance) or 1 (satisfactory performance) (Callado & Fensterseifer, 2011).

The CSS refers to the calculation of an index of aggregated sustainability. This score is determined by the sum of all PSS from environmental, economic and social dimensions. The sum can result in one of the following four results: 3 – when sustainability is considered to be satisfactory; 2 – when sustainability is relative; 1 – when sustainability is weak; 0 – when sustainability is considered to be insufficient.

After defining the CSS, Callado and Fensterseifer (2011) describe the procedure of getting final results, were all partial scores are integrated. All the data turn into final result called CSG. The CSG uses an integrated perspective of the three dimensions – environmental, economic and social – that, when analysed together, may have a tri-dimensional spatial representation. The results can vary depending on the results the company

has had on all the partial scores of three dimensions, which can be satisfactory or unsatisfactory.

From interactions among all possible PSS and the four levels of CSS, eight spatial positions that compromise the CSG can be identified (see Table 4).

Table 11: Different combinations of results that define all possible positions in the Corporate Sustainability Grid (Source: Callado & Fensterseifer, 2011)

| Results | | | | Corporate Sustainability Grid (CSG) position |
|---|---|--|--------------------------------------|--|
| Partial Score of Environmental sustainability (PSS _E) | Partial Score of Economic sustainability (PSS _{EC}) | Partial Score of Social sustainability (PSS _S) | Corporate Sustainability Score (CSS) | |
| 0 | 0 | 0 | 0 | I |
| 0 | 0 | 1 | 1 | II |
| 0 | 1 | 0 | 1 | III |
| 1 | 0 | 0 | 1 | IV |
| 0 | 1 | 1 | 2 | V |
| 1 | 0 | 1 | 2 | VI |
| 1 | 1 | 0 | 2 | VII |
| 1 | 1 | 1 | 3 | VIII |

The characteristics that represent the positions that compromise the CSG are defined as follows (Callado & Fensterseifer, 2011):

Position I represents companies with low economic performance that do not have good social interactions and are not committed to environmental issues;

Position II represents companies with low economic performance that have good social interactions but are not committed to environmental issues;

Position III represents companies with good economic performance that do not have good social interactions and are not committed to environmental issues;

Position IV represent companies with low economic performance that do not have good social interactions but are committed to environmental issues;

Position V represent companies with good economic performance and good social interactions but are not committed to environmental issues;

Position VI represents companies with low economic performance but those have good social interactions and are committed to environmental issues;

Position VII represent companies with good economic performance that do not have good social interactions but are committed to environmental issues;

Position VIII represent companies with good economic performance, good social interactions and are committed to environmental issues; this is the position that corresponds to sustainable companies.

Practical Application of two Different Sustainable Development Measurement Methods:

As it was chosen and described above, company's analysis by DJSI and CSG methods is following next along with the comparison of the forthcoming results of one of the biggest, having the biggest market share insurance company in Lithuania and the Baltic countries.

The analysed company is an international capital and management company and one of its main goals – to assure socially responsible business. Since 2010, the company was awarded for leadership among socially responsible companies, and added to “Best Green Companies” list by “Sunday Times”, awarded by “Corporate Communications Magazine” for the best socially responsible company's strategy. The company was also awarded with “Arabian CSR” and “Crafts & Trades” – National Museum of Northern Ireland awarded it for constant efforts in seeking to become a “environmental friendly” company. Moreover, company is a “Member of the FTSE4Good Responsible Investment Index”.

The analysed company according Dow Jones Sustainability Index

As it was mention before, analysed company has got DJ silver class award in 2010, which is why in this section the current situation and the existing information about DJSI award for the company performance is going to be presented shortly. The analysis and measurement of the company, and companies' sustainability profiles are analysed using RebecoSAM's Corporate Sustainability Assessment (CSA) methodology. The specialists of the company have provided the necessary information about the company's holding position in the index and already received award.

Information for DJSI comes from the annual RebecoSAM questionnaire, company transparency documentation, media and stakeholder reports, and persona contact with the companies.

After thorough company's analysis though set of environmental, economic and social criteria, the company resulted a total score in the range of 70-75% of compliance of criteria. The company holds RebecoSAM Silver Class award.

The analysed company according Corporate Sustainability Grid

The measurements start with the questionnaire that is directly concerned to company's performance related to environmental, economic and social

indicators in 2014. The questionnaire process was divided into several parts. First of all the monthly and annual plans were set for each unit of the company in Lithuania. As well the same procedure was done regionally, the monthly and annual plans have been drawn up for different city in each region of Lithuania. The results were collected monthly and annually, at the end of the research period overall performance and plan implementation of each company’s unit and region were collected. The questionnaire (the fragment of it presented in the table 5) had separate questions for each research area - environmental, economic and social dimension, which were asked to indicate the evaluation of a company’s performance in a scale from 1 (low performances) to 3 (high performances), and 2 for average performances. After the results of the questionnaire from all 130 units were collected and processed, the group of experts analysed the final results and brought their conclusions and measures.

Table 12: The questionnaire for qualitative research measuring CSG of the analysed company (Source: Created by authors)

| Research area | Illustrative questions |
|--------------------------------|---|
| <i>Environmental dimension</i> | <p>Has your company implemented an Environmental Management System (EMS)?</p> <p>Does your company respect water usages and rights to local communities? (E.g. does your company consume water resources at the expense of communities relying on the same resources for subsistence?)</p> <p>Is your company associated with an efficient use of the water resources and does it maintain or improve their quality? Are there provisions for wastewater recycling?</p> <p>Does your company implement processes resulting from environmental violations/accidents?</p> <p>How relevant if the energy efficiency to your company’s operations?</p> <p>Does your company implement actions in order to save energy?</p> <p>Does your company support/undertake Use of Precautionary Approach to Environmental Challenges initiative?</p> <p>Does your company support/undertake Environmental Awareness Education Training of Employees initiative?</p> <p>Does your company support/undertake Investment in New Environmental/Clean Technologies initiative?</p> <p>Does your company support/undertake Life Cycle Assessment of Products and Services initiative?</p> <p>Does your company respect fossil fuel usages and rights to local communities?</p> <p>Does your company produce/has a production of toxic waste?</p> <p>Does your company have an impact on the organic matter content of the soil?</p> <p>Does your company respect the needs of local ecosystems for the surface water? Does it contribute to the depletion or contamination of local reservoirs or aquifers, etc.?</p> <p>What environmentally related investments and/or expenditures have your company made in the last year?</p> <p>What sources of funding are used/allocated for environmental</p> |

| | initiatives? |
|----------------------------------|--|
| <i>Economic dimension</i> | <p>Does your company have Code of Ethics?</p> <p>Does your company work with suppliers to improve their performance/capabilities? (E.g. Operational Aspects, Technical Compliance, Tender Process, Quality, Environment, Health & Safety, Other)</p> <p>Has your company had to recall products or discontinue services last year due to any issues? (E.g. Low Quality Standards, Copyright/Patient Infringement, Erroneous Labels, False Advertising)</p> <p>Does your company have systems in place to ensure customer/client satisfaction? (E.g. Complaints Reporting (e.g. telephone, letters), Website/Online/Email Complaints System. Customer Satisfaction Surveys, Other)</p> <p>How can stakeholders (e.g. employees, customers, community) learn about your company’s social initiatives and the results of the organization?</p> |
| <i>Social dimension</i> | <p>What benefits plans does your company offer to employees? (E.g. Maternity/Paternity, Pension Plan, Life Insurance, Training and Capacity-Building, Defined Contributions Plan, Health Insurance, Loans/Access to Credit, Other)</p> <p>Has your company taken steps to address the Gender Equality/Balance?</p> <p>Has your company taken steps to address the Ethnic Diversity?</p> <p>Has your company taken steps to address the Youth Employment?</p> <p>What type of assistance programs your company provides to employees? (E.g. Functional Skills Development, Management/Advisory, Health and Wellness, Family & Lifestyle Programs, Other)</p> <p>Does your company implement Generation of Employment and Income initiative to motivate employees?</p> <p>Does your company implement Distribution Policies initiative to motivate employees?</p> <p>Does your company implement Profit Sharing Between Employees initiative to motivate employees?</p> <p>Does your company work under International Standard of Conduct?</p> <p>Has your company experienced Neglecting of safety standard of work in the last year? Please describe what remedial actions were taken by the company.</p> <p>Has your company experienced Stress at work in the last year? Please describe what remedial actions were taken by the company.</p> <p>Has your company experienced Product safety discrepancy in the last year? Please describe what remedial actions were taken by the company.</p> <p>Has your company experienced Fatal accidents in the last year? Please describe what remedial actions were taken by the company.</p> |

The final group of experts consisted of 9 experts, each of them covering one of the three fields - environmental, economic and social – of company’s performance. The head managers, which are responsible for development for different regions of Lithuania, based on company’s overall reports of performance, discussed and evaluated each of the indicators. First results of each unit were analysed, summing up to regions performance and

the final results were obtained by calculating the average from the reports of each region performance.

The results are presented in the table below (see Table 6) – all performances are evaluated in a scale from 1 (low performances) to 3 (high performances), and 2 goes for average performances.

Table 6: The company's performance indicators regarding environmental, economic and social dimensions (Source: Created by authors)

| ENVIRONMENTAL DIMENSION | | ECONOMIC DIMENSION | | SOCIAL DIMENSION | |
|---|-----------------------|----------------------------------|-----------------------|---|-----------------------|
| Indicators (16) | Company's performance | Indicators (14) | Company's performance | Indicators (13) | Company's performance |
| Environmental management systems (EMS) | 2 | Ethical investment | 3 | Generation of employment and income | 2 |
| Amount of water used | 3 | Spending on health and safety | 3 | Aid in education and training | 1 |
| Processes resulting from environmental violations | 3 | Investment in clean technologies | 2 | Safety standard of work | 1 |
| Training and education of employees in areas related to environmental aspects | 3 | Level of indebtedness | 3 | Organizational ethics | 3 |
| Saving of energy | 3 | Profitability | 3 | Social interaction | 1 |
| Development of balanced technologies | 3 | Market share | 3 | Employability and management of career ending | 2 |
| Life cycle of products and services | 3 | Environmental liabilities | 3 | Distribution policies of profit sharing between employees | 3 |
| Amount of fossil fuel per year | 1 | Environmental protection | 3 | International standard of conduct | 3 |
| Recycling and reused water | 1 | Audit | 3 | Training and development of employees | 2 |
| Environmental accidents | 2 | Evaluation of results of the | 3 | Fatal accidents | 1 |

| | | | | | |
|---------------------------|---|---------------------------------------|---|-----------------|---|
| | | organization | | | |
| Sources of funds used | 3 | Sales | 3 | Legal contracts | 3 |
| Waste reduction | 3 | Spending on health and other benefits | 3 | Stress at work | 1 |
| Production of toxic waste | 1 | Return on invested capital | 3 | Product safety | 3 |
| ISO 14001 | 1 | Quality of products | 3 | | |
| Soil quality | 1 | | | | |
| Quality of surface water | 1 | | | | |

After obtaining the results, the PSS of the company performance in each dimension can be easily determined. Comparing the results to the average score of each dimension (see Table 7), the company's performance is evaluated in comparison to the PSS. To the obtained PSS, it is attributed a value that can be either 0 (unsatisfactory performance) or 1 (satisfactory performance).

Table 7: Partial Sustainability Scores of the company (Source: Created by authors)

| | Partial Score on the Environmental Dimension (PSS _{EN}) | Partial Score on the Economic Dimension (PSS _E) | Partial Score on the Social Dimension (PSS _S) |
|---|---|---|---|
| Average score of Sustainability (Callado, Fensterseifer 2011) | 71,286 | 58,358 | 56,966 |
| The company's Partial Score of Sustainability (PSS) | 74,000 | 85,287 | 56,413 |
| Value assigned to PSS of the company | 1 | 1 | 0 |
| Interpretation | Satisfactory Performance | Satisfactory Performance | Unsatisfactory Performance |

Summing up all Partial Sustainability Scores, Corporate Sustainability Score is being obtained, which allows to classify company in one of the following four categories: satisfactory sustainability (CSS=3), relative sustainability (CSS=2), weak sustainability (CSS=1), and insufficient sustainability (CSS=0). Table 8 shows the results; in all three PSS scores the company has a value of 1, what brings to the category – satisfactory sustainability (CSS=3).

Table 8: Interaction between Partial Sustainability Scores and ranking on the Corporate Sustainability Grid (Source: Created by authors)

| | Partial Score on the Environmental Dimension of the company (PSS_{EN}) |
|--------------------------------------|--|
| Environmental Score (PSS_{EN}) | 1 |
| Economic Score (PSS_E) | 1 |
| Social Score (PSS_S) | 0 |
| Corporate Sustainability Score (CSS) | 2 |

The last step is to place analysed company in one of eight positions that constitute the CSG. From the obtained results the company takes place in the position number VII – the position that correspond to sustainable companies and represents companies with good economic performance, which do not have good social interactions, but are committed to environmental issues.

Conclusion

The analysis of sustainability measurements of company's performance on sustainable development shows that there is likely to be different possible outcomes if company is being analysed by two, or more, different measurement methods. Thorough literature analysis leads to selection of two methods to measure sustainability. One is from Sustainability Indexes – Dow Jones Sustainability Index, another one is from Sustainability Indicator Systems – Corporate Sustainability Grid.

It can be confidently said that the analysed company, one of the biggest insurance company in Baltic countries, holds its positions in DJSI and CSG. The company has got DJ sustainability index silver class in 2010 and the results from 2014 have shown that the analysed company could hold the position number VII on the CSG.

The RebecoSAM Silver Class among DJSI can be interpreted as an average performance class. It can show either the company has an average performance in environmental, economic and social dimensions or it has good performance in two out of three dimensions and low in one out of three dimensions. The position number VII on CSG represent companies with good economic performance, which do not have good social interactions, but are committed to environmental issues. The company should draw attention to its social dimension and improve its interactions.

It is obvious that results of DJSI and CSG measurements are at variance. The results could differ due to the fact of different year of analysis. This condition for further analysis should be taken into account.

In consideration of classification it can be assumed that, if the analysed company would show fully satisfactory performance on each

indicator in the two of three dimensions of CSG – it would probably still hold a RebecoSAM Silver Class in DJSI, but the theory still needs proof and condition of different year of analysis should be taken into account.

As well it is not presumable which one of the chosen sustainability measurement methods is more accurate and which one's classification is more precise. Further and deeper research is foreseen for indicators and criteria of each of these two methods of measurement to analyse.

Moreover, we simply cannot know which class or position is the highest and which one the lowest, in other words – the best and the worst, because, for example, a company might hold a RebecoSAM Sector Mover position in DJSI – as a company that achieved the biggest proportional improvement in its sustainability performance compared with last year, but still might not hold any of the three leader positions.

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