ANNA PISTONI & LUCREZIA SONGINI

EMBEDDING SUSTAINABILITY INTO BUSINESS STRATEGY: THE ROLE OF THE BALANCED SCORECARD

This paper aims to analyse the role played by performance measurement systems (PMSs), particularly the Balanced Scorecard (BSC) model, in aligning the company business strategy and its social strategy.

Actually, PMSs play a fundamental role for the implementation of a social strategy: in the organizations those objectives are pursued and those actions are implemented which managers are responsible for and upon which they are evaluated and rewarded.

The objective of the paper is twofold: on one side, it aims to present and discuss the different approaches that companies can use in order to manage the complex relationship between business strategy and social strategy; on the other side, the paper is focused on the role played by PMSs, particularly the BSC model, in supporting the implementation of the defined social strategy.

The research method is based on the analysis of two case studies of European firms, that made different choices with regard to the relationship between business strategy and social strategy. Accordingly, the two companies show some differences with respect to: the structure and content of the implemented BSC, the characteristic of its implementation process, the role played by the organizational departments involved and the relationship with traditional planning and control systems mainly centred on business variables.

Moreover, research findings show that the BSC is not perceived and used as a static tool, but, instead, a life cycle approach seems to emerge. At the beginning, when sustainability has to be embedded into the organization and it has to be recognized as a corporate priority, the BSC plays a relevant role among the firm's managerial mechanisms. Once the transition has started and sustainability has gradually been incorporated into the organizational culture, systems and actions, the routine seems to be managed by some simpler tools, like a set of KPIs.

Introduction

The relationship between the business strategy and the so called social strategy has become more and more relevant, due to the financial and economic crisis, which asks for a new strategic paradigm. However, a firm that intends to embed CSR and sustainability into practice needs to use managerial mechanisms to influence worker's behavior and to align individual objectives with company's goals and strategies (Dixon, Nanni & Vollmann, 1990). To this purpose, performance measurement systems (PMSs) play a fundamental role, because in the organizations those objectives are pursued and those actions are implemented which managers are responsible for and upon which they are evaluated and rewarded. Dealing with the identification of the drivers of past and future performance and the related indicators, PMSs can also favor the alignment between the business strategy and the social strategy.

The design, implementation and use of PMSs focused on CSR and sustainability, ask an enterprise big efforts, to integrate the actual financial PMSs. The critical performance areas to be monitored have to consider the relevant stakeholders, the business strategic objectives and the triple bottom line (TBL) perspectives; the indicators, the measurement rules and the relationship among different KPIs have to be redesigned. The frequency of measurement should favor timely and reliable analysis. Finally, traditional systems focused on financial indicators need to be integrated with new accounting systems, such as environmental and social accounting. A trade-off exists between the number of indicators which can be regularly and timely elaborated and communicated and the costs of their measuring and processing.

The above mentioned efforts may explain the limited diffusion of PMSs oriented to CSR and sustainability. Among the different proposals developed by scholars, one of the most appreciated framework is the Sustainability Balanced Scorecard. In this paper, we concentrate our attention particularly on this tool, analyzing the characteristics of its design and implementation. Two case studies are presented, about firms that have introduced the Sustainability Balanced Scorecard.

More in depth, paper’s main objectives are as follows:

1. to explore the relationship between business strategy and social strategy;
2. to analyse and discuss the design choices of the Sustainability Balanced Scorecard (structure and content) that guarantee the consistency between the business strategy and the CSR/sustainability approach;
3. to identify points of strength and weakness underlying the implementation of a balanced scorecard oriented to CSR and sustainability.

Business strategy vs. social strategy: the missing link?

The relationship between the business strategy and the social strategy represents an issue underdeveloped by the literature. Authors who dealt with this topic often seem to consider the social strategy and the business strategy distinct and parallel issues. According to Minoja (2008), various theoretical streams about the relationship between the firm’s economic and social objectives have been developed by the literature.

The stakeholder theory, for example, affirms that social issues are comprised among firm objectives, consistently with the following principles:

- the firm's decisions and actions imply not only economic, but also social impacts;
- organizations inevitably involve social as well as economic consequences, inextricably intertwined;
- the firm uses resources and competences which allow it to proactively and effectively cope also with social issues (Porter & Kramer, 2002; Margolis & Walsh, 2003);
- dealing with the stakeholders' needs and issues is not inconsistent with the shareholders' value.

Another research stream recognizes that the firm has obligations towards stakeholders, but it considers social issues as instrumental and subordinate to the objective of maximization of profit and shareholders' value. Giving attention to social issues and stakeholders' interests, in fact, improves the firm legitimization, and its reputation, strengthens the consensus from stakeholders, generates intangible assets, and reduces the firm's risk profile (Wartick & Cochran, 1985; Wood, 1991; Godfrey, 2005; Mackey et al., 2007).

The relationship among firm's financial and ethical responsibilities is another relevant issue taken into consideration by the literature. If some authors proposed that the firm does not have any other obligation than the merely objective of maximizing shareholder value (Levitt, 1958; Friedman, 1970), other scholars (Mintzberg, 1983) stated that being committed to ethics is not in conflict with financial, strategic and operational concerns. Similarly, Coda (1988, 2004) proposed that financial, competitive and social goals are not rival; the relationship among them is circular because each dimension influences reciprocally the other ones.

To sum up, the relationship between business strategy and social strategy has been analyzed by the literature according to three main perspective. The first one considers the sustainability strategy as instrumental and subordinated to the business strategy and to the competitive and financial objectives. The second one recognizes that the firm has obligations towards stakeholders, because it has to follow ethical principles and behaviors. However, such approach considers the social strategy as a distinct one from the business strategy. Finally, according to the last perspective, CSR and sustainability have to be strictly integrated into the company goals and mission, defining a long-term convergence among financial, competitive and social objectives, and a coincidence between the business and the social strategy.

The role of PMSs in implementing social strategy

A company pursuing a strategy oriented to CSR and sustainability needs to define objectives and programs, and to measure their achievement adopting a new perspective.

Starting from the beginning of ’90s, some scholars highlighted the importance of having specific managerial tools devoted to measure and represent the sustainable and CSR performance, deployed into both the environmental and the social perspectives (Epstein, 1995; Schaltegger et al.,1996; Elkington, 1997; Epstein & Manzoni, 2006). All such frameworks are multi-level and multi-stakeholder. The most popular proposals are summarized in table 1.

Table 1: PMS frameworks oriented to CSR/sustainability

Framework	Authors
Value Reporting	Wright and Keegan, 1997
Intellectual Capital Model	Edvinsson and Malone, 1997; Sveiby, 1997; Stewart, 1999
Comparative Business Scorecard	Kanji, 1998; Kanji, Moura and Sa, 2002
Ethical Performance Scorecard	Spiller, 2000
Performance Prism	Neely et al., 2002
Sustainable Balanced Scorecard	Epstein and Wisner, 2001; Figge et al., 2002; Epstein and Roy, 2003a, 2003b
SIGMA Sustainable Scorecard	www.sigmaproject.org
Integral framework for performance measurement	Rouse and Putterill, 2003
new Balanced Scorecard	Kaplan and Norton, 2004
Responsive Business Scorecard	Woerd and Brink, 2004
Thematic Balanced Scorecard	Dias-Sardinha and Reijnders, 2005
Corporate Sustainability Performance Pyramid	Epstein and Wisner, 2006
Dartboards and Clovers of Sustainability Model	Bonacchi and Rinaldi, 2007

Notwithstanding the interest devoted by the academic world to the impact of sustainability and CSR on PMSs, the business world shows a more cautious approach. The empirical evidence highlights how some companies integrate the managerial reporting systems with a few social and environmental indicators (KPIs) (Keeble, et. al, 2003; Searcy, et al., 2005; Chee Tahir & Darton, 2010; Ramos &

Caeiro, 2010). A few firms develop and use new performance measurement frameworks, focused on CSR and sustainability (Milne, 1996; Norris & O'Dwyer, 2004; Kaplan & Norton, 2004; Durden, 2008), but the diffusion of PMSs revised in the light of CSR and sustainability is still quite limited.

Agreeing with the literature mentioned above, we state that the implementation of the social strategy finds an important driver in the PMS, that can favor the alignment among decisions, actions and attitudes. Among the different frameworks developed by the literature, the Sustainability Balanced Scorecard represents the most impressive and effective proposals.

The main issues to be taken into consideration in order to develop a Sustainability Balanced Scorecard aligned with the company's social strategy are discussed in the next paragraph.

The Balanced Scorecard as a tool for implementing social strategy

Among different PMSs frameworks devoted to drive the implementation of the social strategy, many scholars suggest the use of the Balanced Scorecard as an effective tool (Kaplan & Norton, 2001). With reference to this specific topic, different are the proposals coming from the literature.

Epstein and Manzoni (2006), for example, contended the introduction of the sustainability issues into the four traditional perspectives of the BSC. According to this proposal, the enterprise should maintain its business BSC, but adding new objectives and indicators, aimed at capturing sustainability, inside each traditional dimension (Fig. 1)

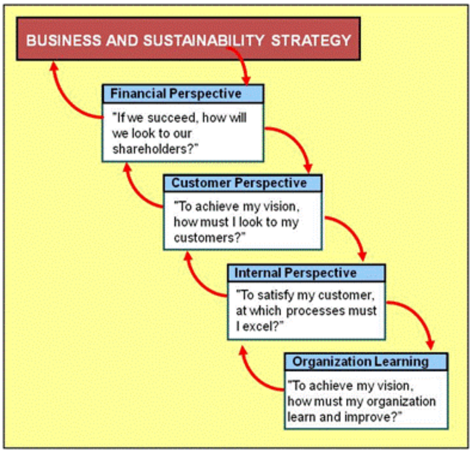

Figure 1: Integration between business strategy and social strategy: sustainability embedded inside traditional BSC dimensions

This model should be appropriate when the management believe sustainability playing a relevant strategic role for the firm's success, and so it has to be embedded into business strategy. Such BSC framework is useful in order to pursue the integration between the business strategy and the social strategy.

Conversely, Figge et al. (2002) suggest the opportunity to add a new dimension of performance to the four ones of the BSC, the so-called "non-market" perspective, devoted to hold the sustainability objectives and performance indicators (Fig.2). In the evaluation process, this fifth dimension should have a different weight related to the importance that the sustainability could have among the organization priorities.

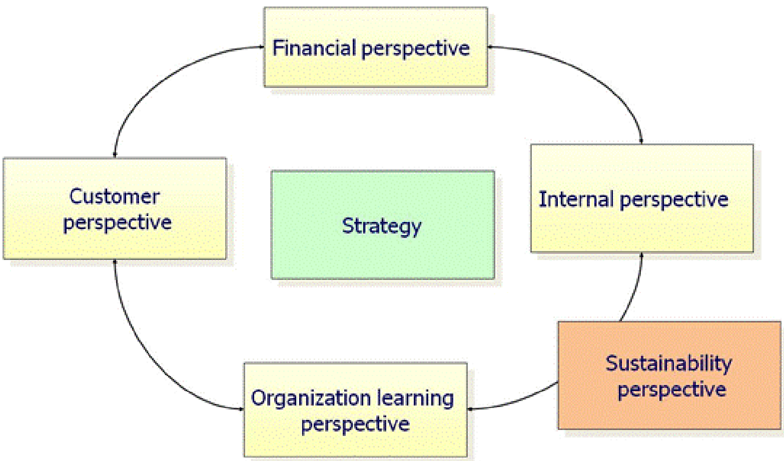

Figure 2: Social strategy distinct from business strategy: a fifth perspective in the BSC

According to this approach, sustainability supports the business objectives without a complete integration with them. This kind of solution is particularly effective, either for firms that have just begun to deal with the sustainability issues or for those organizations that prefer to maintain separate the business and the social strategy.

Epstein and Wisner (2001) propose the design of a specific scorecard devoted to sustainability. They argue that a new performance measurement framework should be developed, in addition to the business BSC, which considers sustainability and stakeholder satisfaction: both a triple bottom line (TBL) approach, and a stakeholder focus, which articulates goals and indicators into relevant stakeholder categories, are recommended (Fig. 3).

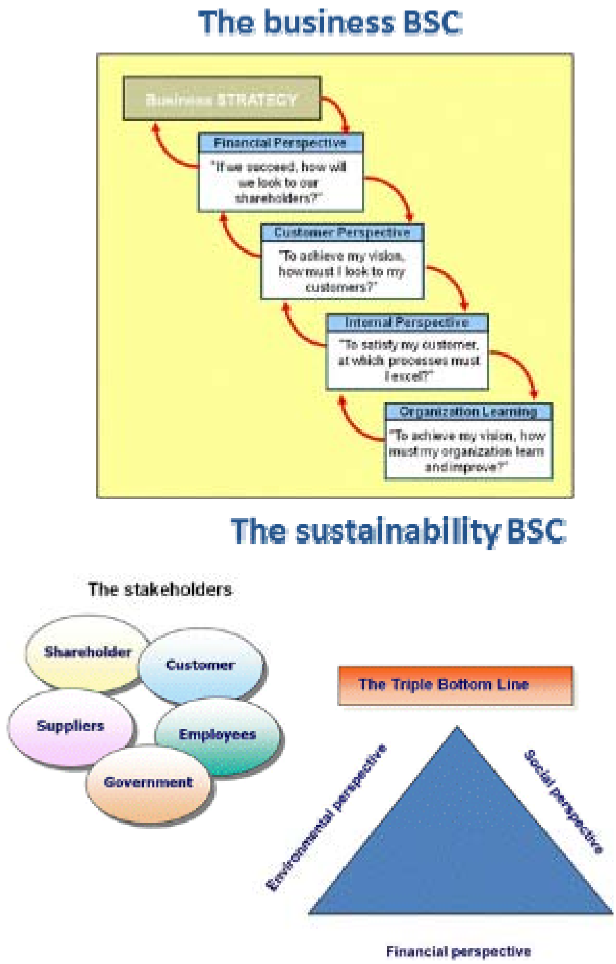

Figure 3: Social strategy distinct from business strategy: two separate BSCs

Due to the fact that the Sustainability BSC operates as a separate tool, the social strategy is considered as distinct from the business one.

Finally, Kaplan and Norton in 2004 revised their BSC framework in the light of paying attention to sustainability perspective, stating that all stakeholders' interests have to be represented into the BSC, if this is useful to the business strategy. They suggest the inclusion of sustainability objectives and measures inside the "Internal processes" perspective, specifically in the "Environment, Health and Safety" area. (Fig. 4). According to their proposal, social strategy is instrumental to business strategy.

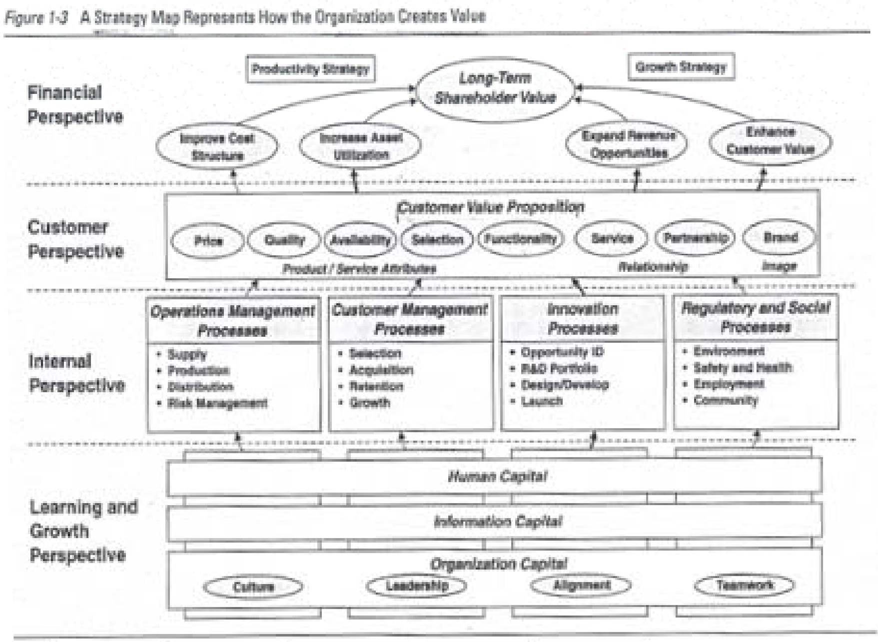

Figure 4: Kaplan and Norton Sustinability BSC (2004)

To sum up, sustainability and CSR can be embedded into the BSC framework following four main design choices, depending on the relationship between social and business strategy a company wants to support:

- if social strategy and goals are considered as instrumental and subordinated to the business strategy and to the competitive and financial objectives, we can expect that Kaplan and Norton's framework (2004) is applied;
- if social strategy is considered distinct from business strategy, two different design choices can be made. The former one is the addition of the sustainability perspective to the traditional BSC model (Figge et al., 2002); the latter one is the development of a specific sustainability BSC as a separate tool from the traditional BSC (Epstein & Wisner, 2001);
- finally, when CSR and sustainability are strictly integrated into the company goals and mission, and a coincidence between social strategy and business strategy occurred, CSR and sustainability objectives and measures are deployed pervasively into the four perspectives of the traditional BSC.

Empirical evidences

Research design

The research method was based on the analysis of two case studies of European firms, which embedded sustainability and CSR in their strategic goals, organization and managerial mechanisms. Case studies were performed through semi-structured interviews, and the analysis of secondary sources. Informants included: the Chief Executive Officer, the Chief Financial Officer, the Controller, the CSR manager, and the Communication department Manager. Data collection focused on research variables describing the company, the CSR and sustainability strategy, the business strategy, and the impact of CSR and sustainability on the organization, managerial mechanisms and PMSs.

The several informants, direct observations, different data sources and the analysis of secondary sources, such as company documentation and corporate website, allowed for triangulation, to check the internal consistency of data. A comparative analysis across the two cases was carried out, after an explanatory and descriptive analysis of each company.

Case study 1: Alpha

Alfa is a multi-utility company that provides energy (gas, electricity), water and waste management services to a total customer base of approximately two million users. Alpha aims to guarantee an innovative corporate model based on a multi-business approach with strong roots in the community. It places sustainability as a key element of the company strategy. The business strategy is developed along three lines: energy, networks and environment. Such strategic priorities are supported by some strategic sustainable objectives: reduction of environmental impacts, increasing service quality and safety, involvement and dialogue with stakeholders, communication and workforce involvement, career advancement and efficient use of skills and know-how, alignment with code of ethics principles, sense of belonging and corporate culture, promotion of the quality, safety and environmental policy.

Alpha has published the Sustainability Report since 2003. In October 2010, the Balanced Scorecard System Management Department within the Corporate Social Responsibility Department was established. Alpha's BSC articulates the corporate strategy and the social responsibility policies into specific projects managed by managers and periodically monitored. The implementation of such projects is an integral part of the management bonus system. The peculiarity of this approach consists of considering the achievement of social and environmental sustainability strategic objectives as a condition for the realization of the company's economic and financial targets over the medium and long term. The objectives included in the BSC are related to four main strategic priorities: development, quality and corporate social responsibility, organizational integration, efficiency upgrading. The commitment to stakeholders is also considered in the BSC. Each year, the strategic map, updated consistently with the contents of the business plan, provides a summary of the strategic objectives and Alpha's commitment to stakeholders. To achieve the strategic objective of increasing the company's long-term value, many priority projects are selected during the budgeting process. Members of the Executive Committee are in charge of such projects. Each project within the BSC system is assigned to a manager and it is part of his/her bonus system.

Case study 2: Gamma

Gamma is one of the largest European listed utility. It has been listed on a European and the New York stock exchanges since 1999. In 2002, the corporate social responsibility (CSR) project was launched, directly sponsored by the CEO. In order to foster the integration of respect for the environment and society into its business activities, Gamma ensured that its Board of Directors assumed responsibility for sustainability and for the integration of planning and audit processes with sustainability objectives and indicators. In 2002, two new organization departments were established: the Corporate Social Responsibility unit, within the Corporate Communication Department, and the GammaDATA unit, within the Corporate Administration, Finance and Control Department. The latter was in charge of the CSR planning and control process, defining CSR objectives, evaluating CSR projects and compiling managerial reports for top management. Within the Corporate Administration, Finance and Control Department, a new role was also established: the CSR controller. Many data owners were identified to be in charge of and manage KPIs for the Sustainability Report and rating agencies' questionnaires.

In May 2003, the first Sustainability Report (for the year 2002) was published. In July 2003, social and environmental questions arising from business activities and relations with stakeholders were translated into a set of corporate social responsibility objectives. They were incorporated as an integral part of the Company Business Plan as well as the budgeting and reporting systems.

Gamma has created a system of data collection that compiles information at quarterly intervals and, using specific key performance indicators, is able to: illustrate the main actions being undertaken for improvement; highlight deviations from corporate goals so that prompt corrective action may be taken. The specific planning and control mechanisms used are:

- the Sustainability Data: it contains the annual guidelines for the CSR planning and control activities

- the CSR Plan: it is devoted to formalize the objectives and the action plans required for the development and implementation of the sustainability strategy during the specific budget period and the following five years.
- the Quarterly Scorecard: it contains some highlights on the most relevant CSR facts of the quarter;
- the Business Review: every six months, it presents to the CEO the current situation of the CSR projects, and the planned initiatives for the following twelve months.
- the Sustainability Scorecard: it was first realized in 2006. It reports the company's critical success factors, deployed in strategic objectives, and for each of them a set of KPIs, for a total amount of around 100 KPIs.

The actual value, target and trend of each KPI are measured by means of a score that reflects the degree of variance between the target and the actual value. The Sustainability Scorecard has been developed by the Business Planning and CSR Control manager together with the IT department. It is organized according to a TBL structure. Recently the sustainability scorecard has been called in question.

It is noteworthy that the sustainability planning and control mechanisms and process have not substituted the traditional planning and control tools, but represent a parallel, but distinct system.

Conclusions

The relationship between sustainability and performance measurement has traditionally been studied with reference to the external reporting. Only recently some proposals on the sustainability PMSs have emerged in the literature and they are particularly focused on the BSC approach. According to how the relation between business strategy and social strategy is considered, authors suggest different design choices for the BSC.

The analyzed cases confirm the adoption of a contingency approach with reference to: the sustainability BSC structure and content design, its implementation process, the relationship with traditional planning and control systems, and the role of different organizational departments (see table 2).

Table 2: Strategy and PMSs in Alpha and Gamma

	Alpha	**Gamma**
Relationship between business strategy and social strategy	Social strategy and business strategy are linked	The two strategies are distinct
Planning and control systems	Sustainability embedded into planning, budgeting, reporting and incentives	Sustainability planning and control systems are distinct from the traditional/ financial ones
Sustainability balanced scorecard	Sustainability embedded inside four areas of the balanced scorecard: development, quality and corporate social responsibility, organizational integration, efficiency upgrading	The sustainability balanced scorecard is distinct and parallel with respect to the traditional planning and control systems, and it is organized accordingly to a triple bottom line approach
Department involved in CSR/sustainability planning and control	The unit in charge of sustainability BSC is inside the CSR department	Two organizational units in charge of sustainability: the first one is in charge of external communication and it is under the Communication department, the second one is in charge of sustainability planning and control systems and it is inside the accounting, finance and control department

According to table 2, it can be said that Alpha considers social strategy and business strategy strictly integrated. Consequently, it revised its traditional BSC adding sustainability KPIs into the business performance areas. By the way, this choice could be the consequence of the fact that Alpha is owned by local municipalities and operates in energy, water and waste management, delivering public services to local communities.

On the contrary, Gamma considers social strategy distinct from business strategy. Being a listed company, sustainability has been adopted mostly for communication and image purposes, and to be admitted to social indexes, in order to attract social investors.

As suggested by Riccaboni and Leone (2009), we can say that the analyzed companies have adapted rather than adopted the concept of sustainability. Integrating financial, social and environmental goals, pre-existing values and paradigms (such as shareholders' interests and profitability) have been not questioned. Rather than against traditional concepts, sustainability is treated as something complementary to them.

However, the analysis of the two cases allows to identify two different profiles of the meaning of sustainability:

- the first profile, implemented in Gamma, is market oriented. According to this perspective, sustainability is a vehicle for improving the company's attractiveness for customers, and investors: social strategy can be considered as instrumental to business strategy;
- the second profile of sustainability, implemented by Alpha, is corporate value oriented. Sustainability is viewed as a key point of the company's culture; it strongly directs the decision processes and the activities. Thus, social strategy and business strategy are strictly integrated.

In both the case studies analyzed, sustainability has been introduced within the organization through formalized mechanisms and tools. New organizational units and roles in charge of sustainability BSC have been established but PMSs, particularly, have played a relevant role in the implementation of the new strategic guidelines. Sustainable objectives for the organization as a whole, as well as for divisions and departments, have been identified, and different tools like sustainability plan, budget, managerial reporting and formal incentives have been adopted. A clear and well-framed definition of strategic objectives in terms of sustainability and their translation into specific and measurable targets have been defined, which represent fundamental guides in embedding social and environmental issues in organization management practices and day-to-day operations.

The integration of sustainability objectives into the traditional planning and monitoring system seems to be one of the key elements of the successful embedding the new paradigm within the organization. As argued by Riccaboni and Leone (2009) the integration rather than the replacement of existing tools and practices looks like a facilitator of the progressive internalization of the sustainability principles within the organization.

However, the findings of case studies show also some peculiarities of the two firms. In fact, Gamma considers the sustainability strategy mostly as a separate dimension from the business strategy. Thus, consistently with Epstein and Wisner (2001) it arranged a sustainability BSC separate from the traditional managerial reporting. Such findings demonstrates a weak integration between the business and the sustainability strategies, which are viewed as two distinct aspects of the firm's life. Partially different is the approach adopted by Alpha. The traditional BSC includes the sustainability objectives and indicators, as supported by Epstein and

Manzoni (2006), showing a more strict integration between social strategy and business strategy.

It is noteworthy that in Gamma the sustainable BSC has been recently called into question. The reasons explaining such choice can be summarized as follows:

- the BSC is considered too much complex in relation to the achievable benefits;
- the BSC is less flexible than other performance measurement tools such as a set of KPIs;
- an effective BSC along time requests costly interventions for the design and maintenance of the information systems.

With reference to the Gamma case, we can say that a life cycle of the BSC seems to emerge. At the beginning, when sustainability has to be brought into the organization and it has to be perceived as a corporate priority by the employees, the BSC seems to be the more effective tool. Afterwards, when the new approach has come into use and sustainability has been gradually incorporated into organizational culture, systems and actions, the routine can be managed by some simpler tools, like a set of KPIs.

References

Bonacchi, M. – Rinaldi, L. (2007): DartBoards and Clovers as new tools in sustainability planning and control, *Business Strategy and the Environment*, 16(7), 461–473.

Chee Tahir, A. – Darton, R. C. (2010): The process analysis method of selecting indicators to quantify the sustainability performance of a business operation, *Journal of Cleaner Production*, 18: 1598–1607.

Coda, V. (1988): *L'orientamento strategico dell'impresa*. Torino: UTET.

Coda, V. (2004): *Responsabilità sociale e strategia dell'impresa*, working paper Bocconi University, Milan.

Dias-Sardinha, I. – Reijnders, L. (2005): Evaluating environmental and social performance of large Portuguese companies: A balanced scorecard approach, *Business Strategy and the Environment*, 14, 73–91.

Dixon, J. R. – Nanni Jr. – A. J. – Vollmann, T. E. (1990): *The New Performance Challenge: Measuring Operations for World-Class Manufacturing*. Homewood (Ill.): Business One Irwing.

Durden, C. (2008): Towards a socially responsible management control system, *Accounting, Auditing & Accountability Journal*, 21(5), 671–694.

Edvinsson, L. – Malone, M. S. (1997): *Intellectual capital: realizing your company's true value by finding its hidden roots*. New York: Harper Collins.

Elkington, J. (1997): *Cannibals with Forks: the Triple Bottom Line of 21st Century Business.* Oxford: Capstone.

Epstein, M. (1995): *Measuring Corporate Environmental Performance.* Chicago: Irwin.

Epstein, M. J. – Manzoni, J. F. (2006): *Performance Measurement and Management Control: Improving Organization and Society*. London: Elsevier Science.

Epstein, M. J. – Roy, M. J. (2003a): Making the business case for sustainability. Linking social and environmental actions to financial performance, *The Journal of Corporate Citizenship*, 9 (Spring), 79–96.

Epstein, M. J. – Roy, M. J. (2003b): Improving sustainability performance: specifying, implementing and measuring key principles, *Journal of General Management*, 29(1), 15–31.

Epstein, M. J. – Wisner, P. S. (2001): Using a Balanced Scorecard to implement sustainability, *Environmental Quality Management*, Winter.

Epstein, M. J. – Wisner, P. S. (2006): Actions and measures to improve sustainability. In Epstein, M. J. – Hanson, K. O. (Ed.), *The accountable corporation – vol. 3 corporate social responsibility.* Westport: Praeger Publishers, 207–234.

Figge, F. – Hahn, T. – Schaltegger, S. – Wagner, M. (2002): The Sustainability Balanced Scorecard – Linking sustainability management to business strategy, *Business Strategy and the Environment,* (11), 269–284

Friedman, M. (1970): The social responsibility of business is to increase its profits, *New York Times magazine*, September 13: 32–33, 122, 124, 126.

Godfrey, P. C. (2005): The relationship between corporate philanthropy and shareholder wealth: a risk management perspective, *Academy of Management Review*, 30 (4):777–798.

Kanji, G. K. (1998): Measurement of business excellence, *Total Quality Management*, vol. 9, n.7, 633–43.

Kanji, G. K. – Moura – Sa, P. (2002): Kanji's Business Scorecard, *Total Quality Management*, vol.13, n.1, 13–27.

Kaplan, R. S. – Norton, D. P. (2001): *The Strategy Focused Organization*. Boston: Harvard Business School Press.

Kaplan, R. S. – Norton, D. P. (2004): *Strategy Maps*. Boston: Harvard Business School Press.

Keeble, J. – Topiol, S. – Berkeley, S. (2003): Using indicators to measure sustainability performance at a corporate and project level, *Journal of Business Ethics*, 44, 149–158.

Levitt, T. (1958): The dangers of social responsibility, *Harvard Business Review*, 36 (5): 41–50.

Mackey, A. – Mackey, T. B. – Barney, J. B. (2007): Corporate social responsibility and firm performance: investor preferences and corporate strategies, *Academy of Management Review*, 32 (3): 817–835.

Margolis, J. D. – Walsh, J. P. (2003): Misery Loves Company: rethinking Social Initiatives by Business, *Administrative Science Quarterly*, 48: 268–305.

Milne, M. J. (1996): On sustainability; the environment and management accounting, *Management Accounting Research*, Vol. 7, pp. 135–61.

Minoja, M. (2008): *Responsabilità sociale e strategia*. Milano: Egea.

Mintzberg, H. (1983): The case for corporate social responsibility, *The Journal of Business Strategy*, 4 (2): 3–15.

Neely, A. D. – Adams, C. – Kennerley, M. (2002): *The Performance Prism: the Scorecard for Measuring and Managing Business Success*. London: FT Prentice Hall.

Norris, G. – O'Dwyer, B. (2004): Motivating socially responsive decision making: the operation of management controls in a socially responsive organization, *The British Accounting Review*, 36(2), 173–196.

Porter, M. E. – Kramer, R. M. (2002): The Competitive Advantage of Corporate Philantrophy, *Harvard Business Review*, 80 (12): 56–69.

Ramos, T. B. – Caeiro, S. (2010): Meta-performance evaluation of sustainability indicators, *Ecological Indicators*, 10, 157–166.

Riccaboni, A. – Leone E. L. (2009): Implementing strategies through management control systems: the case of sustainability, *International Journal of Productivity and Performance Management*, Volume 59: 130–144.

Rouse, P. – Putterill, M. (2003): An integral framework for performance measurement, *Management Decision*, 41(8), 791–805.

Schaltegger S. – Muller K. – Hindriksen H. (1996): *Corporate Environmental Accounting.* Chichester: Wiley.

Searcy, C. – Karapetrovic, S. – McCartney, D. (2005): Designing sustainable development indicators: Analysis for a case utility, *Measuring Business Excellence*, 9(2), 33–39.

Spiller, R. (2000): Ethical Business and Investment: A model for business and society, *Journal of Business Ethics*, Vol. 27, n. 1–2, 149–160.

Stewart, T. A. (1999): *Intellectual Capital. The new Wealth of Organizations*. New York: Doubleday.

Sveiby, K. E. (1997): *The new Organizational Wealth. Managing and Measuring Knowledge-based Assets.* San Francisco (Ca): Berret Koehler.

Wartick S. – Cochran, P. (1985): The evolution of the Corporate Social Performance Model, *Academy of Management Review*, 10 (4): 758–69.

Woerd, F. – Brink, T. (2004): Feasibility of a responsive business scorecard, *Journal of Business Ethics*, 55(2), 173–186.

Wood, D. J. (1991): Corporate Social Performance Revisited, *Academy of Management Review*, 16 (4): 691–718.

Wright, P. D. – Keegan, D. P. (1997): *Pursuing Value: the Emerging Art of the Reporting on the Future*, PW Papers, Price Waterhouse LLP.

www.sigma-project.org

Anna Pistoni is Associate Professor in Management Accounting and Control at Insubria University, Varese, Italy. She is also Director of Master in General Management at Insubria University, teacher for different undergraduate, graduate and MBA courses in Bocconi University and co-chair of the track "Accounting and control for sustainability at the EURAM. Her main current research interest are: Corporate Social Responsibility and Performance Measurement, Integrated Reporting, CSR disclosure, Management Accounting in servitization strategy. She is author of a lot of publications on managerial control, performance measurement, Corporate Social Responsibility and Sustainability.

Lucrezia Songini, Italian, Associate Professor of Managerial Control Systems and Strategic Management in Family Businesses at Eastern Piedmont University, Novara; SDA Professor – Accounting, Control, Corporate and Real Estate Finance Department at SDA Bocconi; Adjunct Professor of Accounting and Control in SMEs at Bocconi University. Her areas of expertise include strategic planning, and managerial control systems in family businesses and SMEs, strategic cost management, performance measurement, corporate social responsibility and sustainability, servitization in manufacturing companies. She is the Italian representative in the Board of European Academy of Management, the Past Chair of the Entrepreneurship Strategic Interest Group and the Chair of the track Accounting and control for sustainability. Author of many books, articles and key-note speeches.