Identifying
Corporate Sustainable Development
as a part of the Organizational Performance
A case study within the Swedish FPP Industry

Dewy F. Mulder & Carlos Ramirez Navarrete

Thesis in subject:
Master’s Dissertation in Strategic Management and Leadership, 15 credits
Final seminar date: may 26, 2009
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Acknowledgement

This Master of Science thesis has been written during the spring of 2009 at Halmstad University, school of Business and Engineering for the Strategic Management and Leadership program.

We would like to thank Halmstad University for giving us the opportunity to do a research project about corporate sustainable development. We would like to thank our supervisor Joakim Winborg for sharing his ideas and guiding us through the research process.

Special thanks to Svenska Cellulosa Aktiebolaget (SCA) and Sveaskog Forvaltning AB, who were willing to participate in this research. We would like to personally thank all the interviewees for sharing their thoughts and opinions with us, in order to be able to perform this qualitative research.

Halmstad, 2009,

Dewy F. Mulder & Carlos Ramirez Navarrete
Abstract

Key words: Corporate Sustainable Development, Organizational Performance

The purpose of this thesis is to test a combination of tools and theory to identify corporate sustainable development as part of organizational performance. Nowadays, in global business, the concept and application of sustainable development has become an important factor in the daily operations and strategies for the companies. The policies and practices of the companies are more aware of environmental, social and financial aspects. The publication of sustainability and environmental reports is becoming more popular within business. The media and stakeholders as customers, investors or government offices are more interested in the company’s position towards social and environmental issues. Therefore, the above purpose could be a potential asset for businesses and researchers to relate corporate sustainable development with organizational performance. We will not try to generalize, but test the usability of the theory combined in one model, which can be an asset to test corporate sustainability within a company’s organizational performance. This research will have a deductive approach, and could possibly encourage inductive research for further study. The theoretical framework consists of three sections including two theories, which uniquely identify corporate sustainable development (CSD) and organizational performance (OP). Finally, a combination of these two theories is shown as a practical model that we will try to test in a case. Our thesis will have a qualitative approach. Interviews are the main data collection tool as secondary data (company documents etc.). Secondary data is used as a supporting collection method. The personal interviews, conducted through video conferencing, have been recorded and transcribed for usage in the empirical method. The interview guide can be found in the appendix. The outcome of this research shows that many aspects are entangled within the phenomenon known as “corporate sustainable development”. We have found that economic prosperity has a strong presence (in both cases) within the environmental performance, just as social equity showed within learning and development performance, and social equity has a strong link with social performance. Looking at the case companies, and determining the focus on every dimension, we therefore found measurable relations between OP variables and CSD dimensions. We can also conclude that, when performing the second case analysis (Sveaskog), the results of the measures found were not always similar which asks for more case studies. An overall conclusion on the usability of the measurement tool leans towards positive, for practical usage. However, before using this combination of tools, more research is necessary, especially in the area of multiple case studies. Due to time restrictions, we could compare two case companies, whilst more cases could enhance the general application and usability of these tools.
# Table of contents

ACKNOWLEDGEMENT .............................................................................................................. II

ABSTRACT ................................................................................................................................... III

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1.1 INTRODUCTION .................................................................................. 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 BACKGROUND .................................................................................. 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3 PROBLEM DISCUSSION ...................................................................... 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.4 PURPOSE ....................................................................................... 3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.5 DISPOSITION .................................................................................. 4</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>2. METHODOLOGY .................................................................................. 6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 METHODOLOGICAL VIEWPOINT ....................................................... 6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2 RESEARCH APPROACH ...................................................................... 6</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>3. THEORETICAL FRAME OF REFERENCE ................................................. 8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.1 CORPORATE SUSTAINABLE DEVELOPMENT ....................................... 8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2 PERFORMANCE .................................................................................. 10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3 CSD AS A PART OF OP .................................................................... 14</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>4. EMPIRICAL METHODOLOGY ................................................................ 17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.1 RESEARCH DESIGN ......................................................................... 17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.2 SAMPLING AND POPULATION ......................................................... 17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.3 SECONDARY SOURCES .................................................................... 18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.4 PRIMARY DATA ............................................................................... 19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.4.1 Interviewees ............................................................................. 19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.5 INTERVIEW GUIDE ......................................................................... 19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.5.1 Operationalization ................................................................... 20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.6 DATA ANALYSIS METHOD ................................................................ 24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.7 RELIABILITY AND VALIDITY ......................................................... 28</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>5.1 (6) SVENSKA CELLULOSA AKTIEBOLAGET (SCA) ................................ 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.1.1 General information .................................................................. 30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.1.2 Identification of Corporate Sustainable Development ............. 31</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.1.3 Organizational Performance and Measurements ............................ 33</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2 (75) SVEASKOG AB ....................................................................... 40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2.1 General information .................................................................. 40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2.2 Identification of Corporate Sustainable Development ............. 41</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2.3 Organizational Performance and measurements ............................ 42</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>6. ANALYSIS ......................................................................................... 50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.1 IDENTIFICATION OF CSD WITHIN THE COMPANY ............................. 50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.1.1 Environmental Integrity (EI) ..................................................... 50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.1.2 Economical Prosperity (EP) ....................................................... 51</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.1.3 Social Equity (SE) .................................................................... 52</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.2 IDENTIFYING CSD AS A PART ORGANIZATIONAL PERFORMANCE .... 53</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.2.1 SCA ............................................................................................ 53</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.2.2 Sveaskog ................................................................................... 59</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.3 COMPARABLE ANALYSIS SCA &amp; SVEASKOG .................................... 64</td>
<td></td>
</tr>
</tbody>
</table>

Identifying Corporate Sustainable Development as a part of Organizational Performance
D.F. Mulder & C. Ramirez
Navarrete 2009
6.3.1 Focus of CSD per dimension

7. DISCUSSION & CONCLUSION

7.1 CONCLUSION

7.2 DISCUSSION

7.3 FURTHER RESEARCH

8. REFERENCES

9. APPENDICES

9.2 INTERVIEW GUIDE
1. Introduction

Chapter one introduces the reader to the thesis providing reasoning for the research choice, along with a background discussion upon the area leading towards the purpose and research question. Thereafter, a short explanation and definition upon the terms commonly used in this thesis is provided.

1.1 Background

Sustainable development (SD) is a term that was created in the 60’s, and is seen as the term that connects the environment with economic issues (Kubiszewski, 2007). Throughout the years, SD perceives an increasing interest by the world community, and more and more milestones on the road to achieving SD are stated (IISD, 2007). In 1987, The World Commission of Economic Development (WCED) popularized the term “sustainable development” in its well-cited report “Our common future”, often referred as the Brundtland report (Bansal, 2005).

We decided to do a research the topic of sustainable development after being inspired by the presentation of F. Engstrom during a lecture at Halmstad University about the dissertation Competitive Advantage of Sustainable Development paradigm by Andre and Engstrom (2003). Engstrom emphasizes the importance of creating a sustainable cycle in the production of a product (called cradle to cradle). We also were influenced by an interview with Bjorn Stigson (Euronews, 2008), president of the World Business Council for Sustainable Development (WBCSD), who claims one should accept sustainable development in order to be able to be in business. Therefore, sustainable development is a necessity for businesses. Nevertheless, when looking at the economic dimension, at least one third of the influence directly comes from the corporate side (Waddock & Graves, 1997; Bansal, 2001). Therefore, the corporate influence is a big stakeholder in the effects and achievement of sustainable development. To refer specifically to this economic and corporate influence in SD, and to narrow down the research field, researchers as Bansal (2001, 2005), Hart and Ahuja (1996) and Waddock and Graves (1997), used the term “corporate sustainable development”. One could say we need more information and scientific research on how to measure this so-called “corporate sustainable development” (CSD), and to what extent these measurements can find potential correlations of CSD and organizational performance (OP) within the company. We can find many articles explaining the overlapping definitions, but not the real, practiced influence of the usage (Bansal, 2001, 2005; Montiel, 2008; Keiner, 2003).

Many researchers have studied the relation of corporate social responsibility or social performance with financial performance or other competencies within the company (Orlitzky et al., 2003). International consulting firms, like other important international organizations, have created new measurement systems as the Global Reporting Initiative, or the Environmental Sustainability Index, in order to measure the sustainability of a company (Hubbard, 2009).
1.2 Problem discussion

The importance of sustainable development is becoming an increasingly common topic of research and, therefore, the number of published scientific articles concerning the SD topic, its influence and measurability and its surrounding field, increases every year (Montiel, 2008; Bansal, 2001; Kates, Parris & Leiserowitz, 2005).

According to WCED, the definition of the term “sustainable development” is: “sustainable development is development that meets the need of the present without compromising the ability of future generations to meet their own needs” (Montiel, 2008).

Other concepts, such as as corporate social responsibility (CSR) and corporate sustainability (CS), are associated with SD (Ibid). Nowadays, there is a trend of corporations that tend to work within the concepts SD, CSR and CS (Ibid). Researchers have tried to find a relation between CSD and the OP but their findings are not clear enough to determine a causal relation between CSD and OP (Orlitzky et al., 2003). Other researchers argue that CSD has an impact in the company’s competences. (Chang & Kuo, 2008). Previous studies have tried to create a model or tool to measure the relationship and influence between corporate sustainability development and financial performance (Chang & Kuo, 2008; Hubbard, 2009). Researchers have included sustainable development as measurement of organizational performance using the concept of the triple bottom line (Hubbard, 2009). The concept triple bottom line involves simultaneous environmental, economic and equity principles (Montiel, 2008).

However, corporate managers seem to lose the meaning and general views of knowing about what the differences between the terms are (Ibid). Most organizations now discuss the impact of social and environmental issues on their websites and in their annual reports (Ibid). In Fortune 500, 82% of the firms reported on social responsibility and 90% reported on a topic involving sustainable development (Montiel, 2008). We may assume that there is a big tendency for the big corporations to involve their strategic decision making with issues concerning sustainable development. According to Montiel (2008), social and environmental topics are core business issues, that stress the thoughts in CSR and CS, and which grow these terms together in cooperation with one and another.

Nevertheless, differences in the terms do occur (Montiel, 2008; Bansal, 2005; Schaltegger, 2008). Sustainable development is seen as the most general explanation in terms of focusing on the earth as a whole and is not primarily focused on corporate acting, but more on the acting of humans themselves (Bansal, 2001). Corporate sustainability focuses closely on the same acts stated in SD. However, it tends to focus on the social sustainability within the company, and is a new, and not often stated, term (Montiel, 2008). CSR has a longer history and tends to focus really on the social role of the company within the society as a whole. CSR has been based on three processes stated in Bansal (2005). These processes are: 1. Environmental assessment, 2. Stakeholder management and 3. Social issues management with a focus on social issue management. This statement is backed by Maignan and Ralston (2002). SD focuses on environmental, social and economical dimensions, which is a wider scale and more even distributed (IISD, 2007). CS is a term which is very young and is sometimes referred to as “corporate sustainable development” (CSD) by some
researchers in order to define a research field, which is focusing on the aims of a company towards the three dimensions of SD (Montiel, 2008; Bansal, 2001, 2005).

Even though environmental performance has become more important in the past years as social performance, researchers have failed in the purpose of relating the theory and the operationalization of CSD within the firm (Bansal, 2004, Orlitzky et al., 2003). The tools to measure the performance of a company have changed in the past 25 years; these tools include financial and non-financial measurements Hubbard, 2009). Nowadays, sustainability plays an important role in the business strategy so sustainability needs to be included as a part of the organizational performance. (Orlitzky et al., 2003)

“The performance of the business is affected by their strategies in market and non-market environments” (Orlitzk et al., 2003). Nowadays, the media and activist groups are playing an important role in the consumer’s behavior (Ibid). The increasing power of activist groups, and the media in pluralist western society, can be expected to make organizations’ non-market strategies even more important. (Ibid).

The companies’ strategies somehow manage to work under certain regulations and standards; one reason is to cope with the regulations, and the other reason would be to maintain a good image for the customers and media in general (Orlitzky et al., 2003). Nevertheless, all the above-mentioned authors agree upon one fact, that the measuring CSD as a part of Organizational Performance (OP) is relevant in the company’s development. Hubbard (2009) has designed a model that tries to encapsulate the variables in measuring OP. However, this has not yet been tested in relation to CSD. The main discussion in this article will be whether CSD is integrated into the company in terms of organizational performance (OP). How corporate sustainable development can be identified through organizational performance?

1.3 Purpose

The purpose of this study is to test a combination of tools and theory to identify the dimensions of corporate sustainable development (CSD) as part of the organizational performance (OP).

Our intention is to develop a tool to identify the dimensions of CSD with the help of Bansal (2005), Montiel (2008) Chang & Kuo (2008), Hubbard (2009) and other previous researchers and then we will test it in two cases studies and finally come up with conclusions.

1.4 Definitions

Several concepts are related to CSD. Even though some of these concepts have several definitions, we will try to create a framework for a better understanding of our research. In our study, we will use the following concepts: sustainable development, corporate sustainable development and corporate performance.

We will use the concept sustainable development defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development requires the simultaneous adoption of environmental, economical and equity principles. (Montiel, 2008). The concept of corporate sustainable development will be...
understood as meaning that the corporations must apply the principles of environmental, economical and equity to their products, policies and practices in order to express sustainable development. (Bansal, 2005).

Corporate sustainability is defined as the execution of activities within the company motivated by values looking for the stakeholders’ issues by implementing programs and policies according with sustainability principles such as philanthropic activities, sponsorship, volunteer, code of conduct, etc. (Maignan & Ralston, 2002)

Corporate performance is defined as the execution of policies, processes and values of an organization to maximize the efficiency of its resources, tangible or intangible, which are affected by internal or external factors in order to obtain specific results. (Dess & Robin 1984, Venkatraman & Ramanujan, 1986).

1.5 Disposition
In order to give the reader a clear understanding of the relation between the chapters and the structure, a disposition is added (Figure 1), showing a divided methodology.

Chapter 1 has the purpose of giving a proper introduction to the research done, including background, problem discussion and purpose, along with primary definitions and delimitations, and a focus to give the reader an understanding of our intentions, and the reasoning behind them.

The methodology will follow, giving a deeper methodological viewpoint, and explaining the decisions made on research strategy and study. This part of the methodology describes the whole study and gives the reader an impression of what to expect in the theoretical frame of reference.

Chapter 3 is the theoretical framework, which is used as a foundation for the empirical methodology and data collection, as described in chapters four and five.

Chapter 4 describes the more operational part of the methodology, including sample size and data gathering, in relation to chapter five.

The findings in chapter five will then be analyzed in chapter six by adapting the findings to the context of the framework. Lastly, a discussion and conclusion will be launched where both suggestions, and further discussion, will be mentioned.
<table>
<thead>
<tr>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodology</td>
</tr>
<tr>
<td>Theoretical Framework</td>
</tr>
<tr>
<td>Empirical Methodology</td>
</tr>
<tr>
<td>Empirical Data collection</td>
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<tr>
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<td>Discussion &amp; Conclusion</td>
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</tbody>
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Figure 1. Own made Disposition of our research with overall view and correlation of the chapters.
2. Methodology

Methodology is the approach to the entire process of a research study (Collis & Hussey, 2003). In order to give the reader the best understanding and due the fact that several chosen methods are needed to be known upfront, as well as using the theoretical framework as part of our qualitative research, we believe the methodology for this research should be fully explained before the theoretical frame of references.

2.1 Methodological Viewpoint

When looking at the epistemological considerations concerning our research study, interpretivism is the most suitable consideration. We use interpretivism due to the fact that data gathered is fairly new, and the topic of research is a topic which is continuously changing over time (Montiel, 2008). Therefore, it is more linked with social sciences in respect of its capacity for change.

Our research contains a qualitative case study, and therefore relies upon the personal opinions of the managers and other interviewees in order to grasp the value of the measurements taken in correlation with the several dimensions within CSD and OP. Due to the scope and purpose of our research, the chosen case studies and primary relevance of opinions and knowledge of the interviewees, and other necessary data acquired from interviewees, we have opted to pursue the qualitative methodology for our research. Also, the in depth knowledge and the search for deeper answers from the interviewees when doing research on few cases, and personal interviewing in order to attain a better understanding in the measurements researched upon, is more likely to be described qualitatively than quantitatively. A qualitative choice is also made due to the fact that the theories and concepts as described in Chapter 1 are in need of definitions and testing.

When looking at the literature which will be explained in the theoretical framework, research has been done to identify CSD (Montiel, 2008). Also, many authors have tried to grasp the measurements of performance (Hubbard, 2009). Nevertheless, to identify corporate sustainable development as a part of the organizational performance is the purpose of our research. In other words, we can say that the empirical findings will probably not be fully applicable to the formed theoretical framework. As Bryman and Bell (2007) also have mentioned that a perfect match with research is primarily non-existent, the most convenient and applicable theories are used in order to elevate our research. As mentioned before, our study is qualitative, therefore our choice is not to generalize an outcome, but to obtain a better and deeper understanding in identifying CSD as part of OP. Considering the approach and type of study, our intention is not to test a theory, but to obtain new findings and deeper knowledge in the topic of this study. Therefore, our intention is not to generalize.

2.2 Research approach

As Bryman and Bell (2007) states, there are two different kinds or research approaches: deductive and inductive. When it comes to the deductive approach, the researcher most commonly tests an existing theory. However, when using an inductive approach, the theory is the outcome of the research. In our study, we are researching measurements using more than two theories; we use
theory as a guideline and to measure when collecting and analyzing data. The research approach applied in this study can be seen as deductive, hence the fact of using theory and different models in order to come up with new findings by identifying CSD towards the organizational performance, with a theoretical model as a foundation. As stated in Bryman and Bell (2007), we will follow the steps for a deductive approach. First, we will gather theory, then we will collect the data and finally we will come up with the findings and conclusion, according to the purpose of our study.

According to Bryman and Bell (2007), there are three types of studies one can adopt: explanatory, exploratory and descriptive study.

Our research work is an exploratory study. The reason is that the purpose of this study is to come up with new findings. Bryman and Bell (2007) claim that exploratory strategy is used to go deeper into one focus area with the purpose of seeking a deeper understanding and gaining new insight.

According to Bryman and Bell (2007), the exploratory research is focused on the generation of, rather than the testing of, theories. Considering that our research has a qualitative strategy the exploratory method is more suitable. Another reason to support our choice of an exploratory research is that there are not many studies to our research question (Bryman & Bell, 2007).

We decided not to use an explanatory study because we have not focused on the relations within the variables but the explanations of the effects.
3. Theoretical frame of reference

In chapter three, a theoretical frame will be structured in the following parts: an explanation on CSD and the identification of its three dimensions; theory on organizational performance and its measurements; and the combination of both in a sustainability balance scorecard. The linkage and integration of the theory will be explained in the last chapter.

3.1 Corporate sustainable development

For the purpose of our study, we used Bansal’s definition of corporate sustainable development; “The WCED asserted that sustainable development required the simultaneous adoption of environmental (Environmental integrity), economical (economic prosperity), and equity principles (Social equity)” (Bansal, 2005 p198). These dimensions are validated by Montiel (2008) expressing significant differences between sustainable development and corporate development as mentioned in the introduction. These three principles should be applied and measurable within the company before we can speak of CSD practices within a company. To measure corporate sustainable development, Bansal created a table divided into three parts, namely environmental integrity, economic prosperity and social equity, and provided each part with items according to each topic. “To operationalize corporate sustainable development, a set of items that described the variable was required” (Bansal 2005). It was required that at least one item in each part was accomplished by a company to obtain a score greater than zero. Interviewing directors and the vice-president of the environmental, health and safety departments of the companies, and also analyzing annual reports, were the methods used to measure corporate sustainable development in Bansal’s (2005) longitudinal case study. Nevertheless, many authors agree upon the fact that CSD requires investments of financial and/or human resources (Orlitzky, M. Schimdt, F. & Rynes, S., 2003; Elkington, 1999), making it easier to identify CSD within a company.

Figure 2. Three dimensions of CSD (Montiel, 2008; Bansal, 2005)
CSD dimension 1: Environmental integrity

We understand this concept as the companies compromise to work under high level of awareness and making sure of balance in the environment and natural resources. Policies, machinery, raw materials and other resources used in a company, should have regard to the care and development of the environment. Therefore, we assume that a company affecting the natural environment in a negative way is affecting also the basic needs for human beings. Kates, Paris and Leiserowitz (2005) mentioned that environmental issues involve earth, biodiversity and ecosystems, ecosystems services and resources. The need for strong sustainability brings about demands to develop non-renewable resources matching or exceeding the non-renewable resources spent (Garvare & Isaksson, 2001).

Environmental integrity is seen as the size of the ecological footprint which a company leaves on the world, in other words, conceiving a cradle-to-cradle environment instead of a cradle to grave environment, as explained by Engstrom (2008) and Hart (1995). Examples of measurements and components of environmental integrity are adopted from Bansal (2005), as seen in Table 1, with a minimum of one component of each dimension in a company, the company does apply corporate sustainable development (Bansal, 2005).

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Table 1. Measurements in order to identify EI within a corporation, adapted from Bansal (2005)
CSD dimension II: Social equity

The general concept of social equity is making sure that all members can have equal access to both resources as well as opportunities (Bansal, 2005). By this concept, Bansal (2005) refers not only to the basic needs as food, clothing and housing, but also as quality of life, which means education, health care and political freedom. Social equity has been a rising topic of interest among all stakeholders of a corporation (Montiel, 2008, Schaltegger, 2008). Nevertheless, it seems that many authors do not agree upon one single definition, whilst the most general one is stated above. When putting social equity into practice, companies apply corporate social responsibility by, for example, investing in the education of their employees, child care, medical care, having a bond etc. (Bansal, 2005). More generally, child survival, life expectancy, education equity and equity opportunities are concepts linked with social equity of sustainable development (Kates et al., 2005).

To measure social equity, we will use corporate social responsibility, as advised in Bansal (2005), as the interconnection of corporate social responsibility with high corporate social performance is proven through Frederick (1994). Also, the minimum of one measurement on Table 2, identified within the corporation as defined by Bansal (2005), will be taken into account before being able to say that social equity is present.

<table>
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<th>Social Equity (SE)</th>
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<td>1 Considered interests of stakeholders in investment decisions by creating a formal dialogue</td>
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<td>2 Communicated the firm’s environmental impacts and risks to the general public</td>
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<td>3 Improved employee or community health and safety</td>
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<td>4 Protected claims and rights of local community (aboriginal people)</td>
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<tr>
<td>5 Showed concern for the visual aspects of the firm’s facilities and operations</td>
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<tr>
<td>6 Recognized and acted on the need to fund local community initiatives</td>
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Table 2. Measurements in order to identify SE within a corporation, adapted from Bansal (2005)

CSD dimension III: Economic prosperity

The final concept is economic prosperity, (EP), which is defined by Bansal as promoting a reasonable “quality of life” through the productive capacity humans and companies in society. In other words, one can assume that the distribution of goods increases economic wealth and thereby raising the economic standard of living (Bansal, 2005). Wealth, productive sectors and consumption, are factors included in the economic dimension of sustainable development (Kates
et al., 2005). Human needs are basic and essential; economic growth is needed to sustain them (Ibid).

EP in definition is leaning towards financial performance, according to some authors, such as Bowman and Ambrosini (2000), who have been quoted in Bansal (2005). However, Bansal (2005) has shown that economic prosperity in this dimension comes from the company’s ability to capture value, instead of the outcome, as financial performance. Measurements such as cost reduction are crucial in order to determine corporate sustainable responsibility, as shown in table 3, of which one measurement should be identified in order to see whether a company can be identified with CSD or not.

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Table 3. Measurements in order to identify EP within a corporation, adapted from Bansal (2005)

3.2 Performance

According to Dess and Robinson (1984), organizational performance is attracting more and more researchers of the business field; most of the time they link the concept with structure, strategy and planning. The concept of business performance is at the center of the strategic management and, at the same time, the test of any strategy (Venkatraman & Ramanujan, 1986). Dess and Robinson (1984) also identified that organizational performance is affected by internal and external factors. Business performance is important for the strategic management and that is the reason business performance needs to be measured. (Garvare & Isaksson, 2001). The concept of business performance is implicit in the concept of organizational performance; business performance can be measured with financial indicators, while the concept of organizational performance is a wider concept and has to be measured through indicators of operationalization (Garvare & Isaksson, 2001). Strategic managers have found problems in measuring the organizational performance (Dess & Robinson, 1984). They are aware that customers’ expectations and environmental concerns influence the strategy of the businesses, and these factors affect the overall corporate social performance (Waddock & Graves, 1997). The most common methods to measure business performance from the financial performance are ROA
(return on assets) and growth in sales (Dess & Robinson, 1984). Many researchers have used accounting methods to measure financial performance, such as: net income, ROA (return on assets), or ROE (return on equity) (Wallace et al., 1990). Different perspectives, according to the field of business performances, should be measured depending on the research question (Venkatraman & Ramajunan, 1986).

The most exact template for measuring business performance is through the financial indicators, according to the financial goals of a company (Venkatraman & Ramajunan, 1986). Financial performance is related to the capabilities of the company, which include tangible assets and intangible assets (Banton, 2002). However, the intangible measurements have been proven to be a limitation in measuring performance by both researchers cited above. Some researchers also believe that a balance between the stakeholders’ interests and concerns will result in a process performance excellence of a company (Garvare & Isaksson 2001; Waddock & Graves, 1997). To obtain excellence in performance, the company has to manage the processes effectively and efficiently with an outcome that maximizes the stakeholder’s value in a long term (Garvare & Isaksson, 2001). Having managerial competencies, coordination in the organization and a forward thinking managerial style, will lead to a better use of the company’s resources, increasing the efficiency (Orlitzky et al., 2003). Also, by having a good balance of fulfilling stakeholder’s claims, managers can increase the efficiency of the firm to adapt and accomplish external demands (Ibid).

The concept of organizational performance is multidimensional, and it can be seen though different frameworks. According to Orlitzky et al. (2003), the concept of corporate social performance (CSP, lacking direct theory but closest to CSD) is related with four measurement strategies: CSP Disclosures, CSP reputation ratings, CSP processes and observable outcomes and managerial CSP, explaining the direction one should take when measuring performance. Orlitzky, Schimdt and Rynes (2003) created a model for the meta-analysis of corporate social/environmental performance and corporate financial performance. However, this is lacking the intangible measurements, such as reputation and employee satisfaction.

Nevertheless, according to most authors, one should be able to translate any performance back to the financial performance of a company, which is the most tangible measurement in performance measuring, as explained by Venkatraman and Ramajunan (1986), and is shown in figure 3.
Figure 3. Describes the domain of business performance. Figure taken from Venkatraman & Ramajunan 1986. Measurement of business performance in strategy research: A comparison of approaches.

On the other hand, authors try to create a model in which intangible measurement could also be taken into account and analyzed (Bansal, 2005; Hubbard 2009). These authors touch upon the purpose of this research, and Hubbard’s (2009) hypothetical model will be further developed in order to measure CSD as a part of OP within its several variables.

Nevertheless, using a balanced scorecard to identify the several dimensions, both intangible as tangible, could be a good solution in order to achieve a uniform result (Hubbard, 2009).

Therefore, measuring performance can be done as Figure 4 shows below (Ibid), which touches upon every dimension of performance, being (1) financial performance, (2) internal processes performance, (3) customer/market performance, (4) learning and development performance, (5) social performance and (6) environmental performance. The latter two of these dimensions are added to the balance scorecard proving an increasing effect of sustainability on strategic decision-making and stakeholder expectations (Ibid).

<table>
<thead>
<tr>
<th>Measurement of Organizational Performance (with added sustainability measurements)</th>
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<tbody>
<tr>
<td><strong>1. Financial Performance</strong></td>
</tr>
<tr>
<td>Current</td>
</tr>
<tr>
<td>Sales growth %</td>
</tr>
<tr>
<td>Return on Sales (ROS) %</td>
</tr>
<tr>
<td>Return on equity (ROE) %</td>
</tr>
<tr>
<td><strong>3. Customer/Market Performance</strong></td>
</tr>
<tr>
<td>Market Share %</td>
</tr>
<tr>
<td>No. of new customers No. of</td>
</tr>
<tr>
<td>Product return rate %</td>
</tr>
</tbody>
</table>

| **5. Social Performance** | **6. Environmental Performance** |

Identifying Corporate Sustainable Development as a part of Organizational Performance D.F. Mulder & C. Ramirez Navarrete 2009
3.3 CSD as a part of OP

As Hubbard (2009) mentions, there are several ways to think about the theory of the firm and each has got different implications for reporting organizational performance. The key shareholder theory and stakeholder theory are used in Hubbard (2009). Nevertheless, even more authors support the stakeholder theory, meaning that there are more stakeholders in the decision-making process, therefore they should be used in measuring practices too (Ibid).

Researchers have focused on the relation of the social responsibility and financial performance (Chang & Kuo, 2008). Corporate social performance has been positively associated with financial performance (Waddock & Graves, 1997). Corporate social performance may have effects on firm’s financial performance. Managers aware of corporate social responsiveness in the company’s policies and practices tend to achieve higher financial performance (Shang & Kuo, 2008). One of the core values to obtain excellent performance of a company is having a balance between the interests of the stakeholders, which is the platform for the sustainable development of the firm (Garvare & Isaksson 2001).

A company that is considered to be a “sustainable company” is seen from the public perspective as having a good reputation, which might improve the relationship between the company and external parties, such as external investors, customers, suppliers (Orlitzky et al., 2003). Corporate sustainable development has been shown to influence the firm’s performance (Bansal, 2005).

New resource-based opportunities can be developed with sustainable development (Bansal, 2005). Corporate sustainable performance might influence the managerial competencies, processes and information systems (Orlitzky et al, 2003), giving a final result of new, resource-based opportunities. The firm’s resources can be divided in tangible assets, and intangible assets such as firm’s reputation, culture and intellectual capital, and these assets have an impact on the resource-based opportunities to create a competitive advantage (Bansal, 2005). “Tangible” means easy to find through secondary data and/or to express in numbers, as less tangible is less easy to put down in numbers, and less easy to grasp (Bryman & Bell, 2007).

Almost all business decisions involve social and environmental issues (Montiel, 2008). Measurement of corporate sustainability has been a challenge to researchers in terms of the company’s investments, and their efficiency and effectiveness (Chang & Kuo, 2008). Chang and
Kuo (2008) measured the influence of sustainable development on financial performance by addressing three variables to each dimension of sustainable development: economical, environmental and social.

CSD might help to improve the relations between the employees and the company, and also might improve the employees’ satisfaction and attract talented employees to the company. Additionally, the community’s reputation in the eyes of the community might be positive (Orlitzky et al., 2003). A company compromised by its environmental and social policies might increase the preparedness for external problems or changes. (Ibid)

Some examples are described below and these are mentioned by Hubbard (2009):

- When a company has been consistently enjoying high returns over the last years, but the internal relationship with the employees is far from healthy, and so the company is not popular in the local community, and its reputation is fairly low.

- A company, which is proclaimed to be the best employer, but has been losing revenues in order to maintain its high standards.

- Companies which tend to be very green in their marketing strategy, but are not able to apply any regulations and are not yet prepared enough to implement environmental improvements due to the compromises necessary when choosing this strategy.

Hubbard (2009) has adopted the triple bottom line theory, which builds performance measurement upon the three dimensions of sustainable development. A Sustainable Balance Scorecard (SBSC) has been recently designed to make sustainable organizational performance measurable and accessible (Ibid). However, the SBSC has not yet been tested in a qualitative surrounding, our research will identify CSD different dimensions towards the OP variables.

Figure 5 is the integrated model, combining the six performance dimensions with the three CSD dimensions. Here, the presence of a relationship found and identified through the models of Bansal (2003), and Hubbard (2009), will be presented.

As one can see a potential an overlap in two performance dimensions and two CSD dimensions, some explanation is necessary. This can be seen as the performance dimensions that are focusing on measurements as waste production and employee satisfaction. As for social equality within the CSD dimension, the focus rests upon several of the performance measurements, such as investments in corporate sustainability, or an award winning social plan. Environmental integrity also touches upon the other dimensions, such as the internal process lines and the number of newly developed machines that produce less environmental damage.
Identifying Corporate Sustainable Development as a part of Organizational Performance, D.F. Mulder & C. Ramirez Nsvarrete 2009

Identifying CSD as a part of organizational performance

<table>
<thead>
<tr>
<th>Corporate Development</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Equity</td>
<td>Focus Per CSD Dimension</td>
</tr>
<tr>
<td>Economical prosperity</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>Environmental Integrity</td>
<td>Internal Processes</td>
</tr>
<tr>
<td></td>
<td>Customer Market Performance</td>
</tr>
<tr>
<td></td>
<td>Learning &amp; Development performance</td>
</tr>
<tr>
<td></td>
<td>Social Performance</td>
</tr>
<tr>
<td></td>
<td>Environmental Performance</td>
</tr>
</tbody>
</table>

Figure 5. Integrated theoretical model combining three dimensions of CSD, source Bansal (2003) and the measurements of organizational performance, Source: Hubbard (2009)
4. Empirical Methodology

The empirical methodology outlines the research design, sampling, the sample frame and population, a short description of the interview guide used and a short description of the interviewees necessary for the purpose or our research.

4.1 Research design

A case study design with qualitative interviewing is adapted in order to see the qualitative side of identifying corporate sustainable development as part of organizational performance (Bryman & Bell, 2007). A qualitative approach is selected due to the lack of possibilities in trying to find the information that is directly interconnected with the corporate performance and CSD (Bansal, 2005; Chang & Kuo, 2008). Within the analysis, we have decided to identify each dimension of corporate sustainable development in the organizational performance of the company (Bansal, 2005); this is in line with the theoretical dimensions of corporate sustainable development, designed by Bansal (2005).

First, we will proceed with the identification of each dimension of corporate sustainable (Bansal, 2005) and then we will create a ranking of the level of presence of each dimension in the company’s performance, according to the variables used by Hubbard (2009) in the Sustainable Balance Score Card. To create the ranking, we will proceed to fulfill the SBSC, some of the variables in the SBSC will be filled with secondary data from the company’s reports. Finally, we will connect the results of the model of Bansal (2005) with the SBSC by Hubbard (2009), in order to test this combined tool/integrated model in order to identify corporate sustainable development on the variables of organizational performance.

4.2 Sampling and population.

All investigations concerning the definition, and the identification of corporate sustainable development (CSD), as well as its impact on the Organizational Performance (OP), have been introduced as being both quantitative studies, as Bryman and Bell (2007) explains that when the scope of data perceived is broad, one uses a quantitative approach. Nevertheless, we believe that testing the identification of CSD and OP with this integrated model will stimulate the interest and confer a better understanding of this phenomenon. The research emanates from an adaption of the integrated model on two case studies, in order to receive the most qualitative information; the second one can be seen as a controlling case study, in order to compare the outcomes as a comparative measures, as defined by Bryman and Bell (2007).

The scope of CSD and OP is overwhelming as every corporation is part of SD. Bansal (2005) has limited herself to investigating the forestry and mining industry in Canada, and has managed to generalize theoretically. Conversely, this research has been narrowed down to focus on the
forestry, packaging and paper industry in Sweden, in order to maintain focus. However, this also means that the level of generalizing can be very low, whilst this is not of necessity.

Bourne (2008) mentioned the academic rigor. He asserted that there is a significant difference in proving the true practice (in the real world) and work by academics and their practice. Our aim is to be able to draw a conclusion with a realistic and practical connection. Nevertheless, Bansal (2005) has chosen to investigate the forestry and mining industries, on the basis that they are primarily concerned with sustainability as they are using natural resources for their profitability operation. Therefore in the forestry industry, sustainable development is relatively easier in order to be identified. Also, previous studies have shown a more commitment of primary producing industries towards environmental issues (Bansal, 2005).

PWC (2008) has drawn a global ranking list in which the 100 biggest global forestry, packaging and paper (FPP) industry companies are ranked in order of revenues and sales, while also taking Return on Capital Employment (RCE) into account, which is related to the social dimension of CSD. Within this list, 26 companies are European (8 situated in Sweden). The reasoning behind our choice to use this list is the better financial position of European companies stated in PWC (2008), more room will be there to invest in sustainable development, as proven by Bansal (2005). Therefore, the probability of detecting the variables to identify CSD will be much higher than by randomly picking a company upon which to test the theory of influence. In addition, the focus on the FPP industry gives more validity to the research in terms of obtaining industry dependable measurements, which are proved to be there by Hubbard (2009), Montiel (2008) and Bansal (2005). After requesting a potential cooperation in this research, SCA and Sveaskog agreed to cooperate in this research.

4.3 Secondary sources
The secondary data gathered in this research originates from annual reports, published reports from PWC (2008), the World Wide Web (WWW), databases accessed through Halmstad University’s library, published literature as well as articles from magazines and other published sources. The WWW has been used in order to procure preliminary information on the background of the case companies, also the most recent published annual reports will be taken into account. The secondary data has been collected over time and in relation to the gathering of primary data from the interviewed people and organizations. The availability of secondary data sources is almost unlimited, which brings advantages as well as disadvantages. Bryman and Bell (2007) suggest that the advantages are the savings of cost and time and, it is argued, that the data generally is of high quality. The disadvantages can be that there is too much data available, and Bryman and Bell (2007) bring up the disadvantages associated with the complexity and losing control of the quantity of data. Therefore, our focus for analysis rests upon the empirical data obtained from our qualitative interviews (Primary data). Most of the secondary sources will be used in the determination on measurements of organizational performance.
4.4 Primary data
As qualitative interviewing is our primary research strategy, face-to-face interviewing is advised by Bryman and Bell (2007). A second best option would be through video conferencing, while a third option will be through telephone interviewing. The recognition of human body language and interpretation of words and thought are easier to detect when having a person visible and in front of you (Ibid). The choice of executing interviews rests on the condition that the research is seeking insights into how individuals think, and perceive their environment and reality. Due to the fact that we work with two companies sited long away, we have used videoconferencing, and we have recorded the interviews in order to transcribe and analyze them later on. Primary data will be used primarily to identify the three dimensions of CSD, and to supplement any missing data within the identification of performance measurements.

4.4.1 Interviewees
As provided in Chapter 3, the people/companies who are necessary in measuring the performance relative to CSD are specific stakeholders such as an investor, customer, supplier or an employee of the firm. The most important individual for measuring internal environment is the employee of the company (Bansal, 2005). Nevertheless, the semi-structured interview, as described in chapter 4.5, will be suitable for extracting information, both in a face-to-face interview, or a telephone interview. Our first intention is to interview people at different levels, and who perform functions, to measure both tangible inside information (retrieval of financial documentary) and less tangible information (opinions about CSD and the relevance on OP on all levels of the company). However, being rational, the minimum effort for a company is the participation with at least one executive from the list shown below. Therefore, the interviewees are chosen in hierarchical order.

1. Head responsible CSD/SD or sustainability of the company and/or
2. Another person within the company who is touching upon CSD/SD within the company

Since our purpose is to combine the usage of tools and theory to identify corporate sustainable development as part of organizational performance, the most appropriate person to talk to is the responsible of the sustainability area in the company. This person must have the knowledge of the sustainability in the company and will be able to distinguish the different dimensions of CSD and the possible outcomes or effects of the application of these dimensions in the company. If one person does not provide a complete frame of each dimension, we will proceed to contact another person within the company with responsibility in that topic. We might not need to interview other people in the company considering that most of the data required to fill the SBSC can be found in the annual reports or sustainability reports of the companies.

4.5 Interview guide
“A question one could ask the interviewee is to describe which factor could best show how well the company is in achieving their strategy” (Hubbard, 2009).
In order to design a semi-structured qualitative interview guide, we have adopted the steps mentioned in Bryman and Bell (2007), leading from the general research questions to more specific data. Each interview will be conducted by two interviewers (multiple interviewers), in order to be clear about the understanding of answers and questions during the interview (Bryman & Bell 2007, p481); “in order to explain the still maintaining amount of freedom and room to pursuit topics of the particular interest of the interviewee”.

Following the advice by Bryman and Bell (2007), the accommodation should be suitable for the interviewee to answer questions without interference or influence from external factors. The first requirement will be in a closed environment, which is suitable for the interviewee to speak freely.

![Diagram](image)

Figure 7. Interview Semi-structured topic guide, adapted from Bryman and Bell (2007, p 485)

Before asking anything, prior knowledge of the company will be obtained through secondary data, such as the homepage, annual reports, news articles and other literature about the company of the interviewee, as advised by (Ibid). Secondly, a follow-up must be done to be sure about the responsibilities and function of the interviewee (Ibid). We will do this by asking the interviewee to describe his/her position and describe to what extent the position is related to performance and sustainable development. After transcription, a comparison with the secondary data will be done.

The general research area for the interview guide will emerge out of the opinions and definitions of CSD and OP. During the interview, the interviewers are supposed to narrow down the subject until the relation between these two variables, and the direct connection between them, is in correlation with the theory.

Before interviewing, an introduction from the side of the researchers is necessary. A summary of our perceived knowledge of the company must be provided and an informal talk about the person’s role in the company leads towards more specific information about the characteristics of the person (Ibid).

**4.5.1 Operationalization**

The first part of the interview is to establish the interviewee’s position, function and responsibilities in the company, and his/her approach in every dimension of sustainable development: environmental, social and economical dimensions. The intention is to reaffirm the
capability of the interviewee to answer the questions, and ascertain his/her familiarity with the topics.

**Identification of Corporate Sustainable Development within the company**

The second set of questions is made in order to identify corporate sustainable development in the company, starting with environmental integrity, and then social equity and economic prosperity issues based on Bansal (2005). The main goal in these questions is to obtain a clear idea about how the organizations apply these concepts in the daily work or specific activities. By doing this, we will be able to determine if the concept of corporate sustainable development is implicit in the company’s activities, and to what extent. “*Below, the three principles underpinning sustainable development are extended to the level of the firm*” (Bansal, 2005)

For environmental integrity, the questions will touch the next topics: the products and the possible damage of the products to the environment, making a comparison between the company’s products and its competitors, and also between the company’s current products and products produced in the past. The intention in these questions is to identify any improvement in the product related to the environmental dimension. The next question is about the recycling and reusing replenished materials as inputs. The answer in this question will provide us the information regarding into what level the company recycles and reuses materials as a process of production. Products are designed to use fewer materials, using recycling inputs or reuse at the end of their life (Bansal, 2005).

The next two questions are about the measurements used by the company to reduce or eliminate the environmental damage in the processes and to determine if they have changed the locations of the production plants in sensitive (environmentally) locations. The answers to these questions will tell us to what extent the company has changed its processes in order to cause less damage to the environment. The final three questions for environmental integrity are about the use of waste as inputs in own processes, about the disposal of waste and how the company handles toxic waste. These questions are posed in order to measure the environmental impact of the company, and the actions made by the company to reduce this impact. All environmental management is identified to be a factor in firm’s economic performance, which is a platform to develop a process of innovation and implementation, and environmental management on cost advantages (Chang & Kuo, 2008).

For social equity, the questions will touch upon the interests of the stakeholders in the investments made by the company, in order to identify the influence of the stakeholders as a driving force for the investments. The next question is about the communication to the public of the company’s environmental impact; this question is to observe the company’s willingness to inform the society about the environmental issues within the company. High corporate performance results are not separate from the simultaneous coordination and prioritization of multilateral stakeholder interest. (Orlitzky et al. 2003)
The next questions are about the safety and health of the employees in the company, and how the company has improved these topics in the last years; this is in order to discover whether the company is improving the working conditions for its employees and is also related to employees’ satisfaction. The social equity includes a good quality of life as health care, education and other basic needs. (Bansal, 2005)

We will also ask about the relationship between the company and the community, where the company interacts. We will ask questions about claiming rights for minorities, programs to help the community. In addition, we will ask about the visual impact for the local community of production plants, other facilities made and measures taken, by the company. The objective in these questions is to distinguish the level of positive involvement of the company in the society, and the actions taken by the company to improve this relationship, in order to contribute to the society. The employee relations, community relations, environment and diversity are measurements for social performance (Chang & Kuo, 2008).

The last dimension is the economic prosperity. To identify this dimension, we will ask questions concerning the investments in new technology that could help the company be more profitable, making profit out of selling waste products. Therefore, we will ask if there have been any changes in the processes or products relating to the marketing of environmental issues. These questions are a direct measure of the two dimensions related to each other: environmental and economic. The goal in this question is to find out if there is any influence of the environmental perception of the customers, and the economic impact, by changing the processes or products in order to satisfy the customers’ environmental standards. Investments in corporate social responsibility might help to create new competencies and technology (Orlitzky et al., 2003).

The next two questions in the economic dimension concern reducing cost through better waste management, and reducing cost of the inputs with the same level of outputs in both cases. These questions are asked in order to identify any cost advantage of waste management and also in using recycled inputs (if that is the case) or changing the inputs. Properly designed environmental standards can result in innovations that lower the total cost of a product or improve its value (Chang & Kuo, 2008)

**Organizational performance.**

We will proceed by asking questions about organizational performance in tandem with the sustainable balance score card used by Hubbard (2009). Some variables in the SBSC can be answered with secondary data (annual reports, sustainability reports, environmental reports).

The first variable is financial performance, which includes the variables sales growth, return on sales, return on equity. The information to fulfill these measurements will be obtained primarily from secondary data as annual reports. In addition, a question to identify if there is any relation between the corporate sustainable development and the variables will be formulated. There are authors that have used multiple performance criteria to measure organization performance, such
as return on assets, return on equity, and other financial measures (Venkatraman & Ramanujam, 1986).

The next variable is internal process, which includes the variables productivity, labor turnover, working capital/sales. The answers for the measurements can be found in secondary data, but questions as if there have been relevant structure changes in the company will be asked in order to identify other factors affecting the internal process. The last question concerns whether the capacity of utilization is not fully used, and what is the reason for that. The corporate social performance could help the organization-wide coordination, structure of the company and human resources (Orlitzky et al., 2003).

The customer/market performance is the next variable in the SBSC. The measurements for this variable are market share, new customers and product return rate. Three open questions will be asked in order to identify factors influencing the variation of the measurements during the years. The questions are whether the company has grown into other markets and the reason for that, the increasing number of customers and the reason for this increase and the importance of the reputation for the company. Having a good reputation in corporate social responsibility might help to build a positive image with customers (Orlitzky et al., 2003).

The next variable is learning and development performance and the measurements are new products, new markets entered and research and development spent in relation with sales. The questions formulated ask whether the company has developed new products, entered new markets, and rating the importance of the training and research and development in the company. The purpose of this variable is to observe the variation of the current year, from the last five years in the area of learning and development in the company. CSP might help to have forward thinking management and to develop more competencies. (Bansal, 2005; Orlitzky et al., 2003)

The next variable is the social performance, which includes the measurements employee satisfaction, social performance of suppliers and community relationships. The open questions will be rating the employee satisfaction over the past years, and if there are any differences nowadays. We will also ask if they have the same suppliers and, if the company has changed, what is the reason, in order to identify the motivations for changing a supplier. The other question is to identify the relation between the company and the community by finding out if the company supports any activities within the community. According to Chang and Kuo (2008), some indicators for social performance include social involvement in the annual report, external ratings, a firm’s social reputation index and philanthropy and charitable donations.

The last variable is environmental, which involves the measurements of key materials, energy use, emissions and specific emissions according to the industry. This is in order to measure the variations through the years (if there is any improvement or not) of materials and waste within the company. The questions in this section are designed to see if there have been any changes related to the consumption of energy and water in the company. Every firm has an environmental impact by consuming energy through waste and emissions generated by production processes (Bansal, 2005).
For the possible secondary data (financial, internal processes, customer/market, learning and development), we will observe the variation from the current year (2008) and five years previously (2004), in order to obtain an idea about the tendency of each variable (Hubbard, 2009). The secondary data will be used in order to identify external or internal, tangible and intangible, influences affecting the numbers and financial ratios. As mentioned before, the research approach of this study is qualitative; that is why is important to ask questions in order emphasize the meanings behind the numbers and the depth of the study.

Identifying Corporate Sustainable Development in Organizational Performance

After analyzing the primary data such as transcripts of the interviews and secondary data according to the CSD and OP approaches within a company, we will proceed to identify the different dimensions of CSD towards the different variables of organizational performance.

Correlation questions (to look for the opinion of the interviewee) are asked in order to point the researchers in the right direction.

The overlap of OP and CSD is clearly visible, of which the theoretical dimensions come together by Hubbard (2009), who tried to combine performance with environmental performance. However, as Bansal (2005) mentioned, there is a significant difference between the identifications of CSD in a company, and the performance that is related. Any investment or view with the specific requirements could show CSD (Ibid). However, no outcome is measurable with any interconnection, besides trying to rank any outcome in comparison with a mean as provided by Hubbard (2009).

4.6 Data analysis method

Analysis will be performed through transcribing and fully recording the interviews through in-depth analysis (Bryman & Bell, 2007). We decided against choosing any computerized software due to the fact that this research is conducted through a single case study and, therefore, is focused on qualitative studies instead of quantitative studies. After having conducted the primary case study and follow-up case studies, a comparison will be made in order to validate any theory and increase reliability.

Secondary sources of data of the last five years (2008-2004) are used in order to identify CSD and OP in advance. The secondary sources are the annual reports, financial news and stock performance evaluation on the financial measurements. As for the less tangible measurements, a non-structured interview with an investor, customer, supplier and employee of the firm will be to obtain their opinions of OP and CSD of the case company as mentioned before. In addition, other news articles, and secondary information found on the World Wide Web, will be used.

4.6.1 Analysis of the data

Bansal (2003) measurements are used in order to identify corporate sustainable development in the company and the level of the CSD within the company. Therefore, each dimension of sustainable development will be analyzed and commented upon separately in order to clarify the
approaches of each dimension within the company. Then, the authors will analyze each dimension of CSD towards the variables of organizational performance of the company by using Hubbard’s Sustainable Balance Score Card (SBSC) variables. This analysis is made in order to identify to what extent the organizational performance of the company is affected by each dimension of corporate sustainable development within a timeline of the last five years (2008-2004).

4.6.2 Identifying Corporate Sustainable Development within the company

The first part of the analysis is to measure the extent to which the company is oriented towards CSD. As mentioned before, we will use Bansal’s (2003) measurements. Environmental integrity has 10 statements, social equity and economical prosperity 6 statements each. The possible answers for the statements are 1. Present, and 2. Not Present. We will grade the companies with a percentage, depending on the number of statements answered as Present. We present a table below showing the possible grades, according to the statements presented within the company.

<table>
<thead>
<tr>
<th>Dimension CSD Statements Present</th>
<th>Environmental integrity</th>
<th>Social equity/economical prosperity</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>60%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>50%</td>
<td>83.3%</td>
</tr>
<tr>
<td>4</td>
<td>40%</td>
<td>66.7%</td>
</tr>
<tr>
<td>3</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
<td>33.3%</td>
</tr>
<tr>
<td>1</td>
<td>10%</td>
<td>16.6%</td>
</tr>
<tr>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Table 4. Percentages used to identify CSD within the company adapted from Bansal (2005).

4.6.3 Identifying corporate sustainable development as a part of Organizational Performance.

Each dimension of CSD will be analyzed separately towards the variables of OP. The organizational performance is represented by six variables: financial performance, internal
process, customer/market performance, learning and development performance, social performance and environmental performance. Each variable has 3 sub-variables (see table 5). We will analyze how each dimension of corporate sustainable development affects each sub-variable of organizational performance in order to observe the influence of the dimension of CSD towards the variable. Using secondary data (annual reports and sustainable reports) and primary data (interviews), and applying the theory of corporate sustainable development and organizational performance, we will proceed to observe any link between the results of the sub-variables in the last five years (2004-2008) and to identify the dimensions of CSD in those results. Some sub-variables might show more presence from one dimension of CSD than for others and also some sub-variables of OP might show no presence from a specific dimension of CSD. We will comment upon and argue our findings and links; we will also note if we could not find any presence of the dimensions and the sub-variables in order get our results. As a logical consequence of identifying the dimensions of CSD towards the sub-variables, the dimensions of CSD towards the variables of OP will be identified.

4.6.4 The ranking

The authors will create a ranking in order to grade the presence of CSD towards the variables. The authors will use the results of the presence of CSD towards the behavior of the variables in the past five years (2008-2004).

Based on our comments and links found, we will grade the results of the six variables according to the level of presence of each dimension of CSD towards the variables of OP. The ranking will go from 1-6, so each variable of OP will get one digit (1, 2, 3, 4, 5 or 6). “1” indicates the highest appearance between the dimension of CSD and the variable of OP and “6” shows the lowest appearance of the dimension of CSD towards the variable of OP.

The ranking will only reflect which variable of OP is more/less present by each dimension of CSD. As an example, the authors present the dimension environmental integrity towards the six variables of OP (see table 5). After concluding with the grading, we will present our results graphically in order to obtain a better understanding of them and to make conclusions. The graph will indicate the level of presence of each dimension of CSD towards the different variables of OP.

It is important to remark that the grading is the authors’ idea. The numbers only indicate a place instead of a measure.
### 4.6.5 The Process of the Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sub-variables</th>
<th>Analysis of Influence</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial performance</td>
<td>Sales Growth</td>
<td>The bio fuel has increased the amount of sales considerably</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Return on Sales</td>
<td>The increase of sales in bio fuel has also influenced the return on sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Return on equity</td>
<td>The increase of sales in bio fuel has also influenced the return on equity</td>
<td></td>
</tr>
<tr>
<td>Internal process</td>
<td>Productivity</td>
<td>The production of bio fuel has increased</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Labor turnover</td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working capital</td>
<td>No influence</td>
<td></td>
</tr>
<tr>
<td>Customer market/ performance</td>
<td>Market Share</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. of New Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product Return Rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning and Development Performance</td>
<td>New products</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New markets entered</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R&amp;D Spend/Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Performance</td>
<td>Employee Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social performance of suppliers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community Relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Performance</td>
<td>Emissions, Fluent and Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy use/unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water use/unit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5. Example of the process of the analysis created by the authors.
Example 1.

Table 5: Shows the analysis of environmental integrity towards the first two variables.

Dimension: Environmental integrity

Variable: Financial performance

Sub-variables: Sales growth, return on sales, return on equity.

Analysis: The Company XXX has been financially growing over the last five years. We have found that the three the sub-variables, namely sales, the return on equity and return on sales, all show a positive growth in the last five years. A cause of the growth during those years is a new product that is environmental friendly or produces a less damage towards the environment. The new product has increased the amount of sales considerably and the return on sales and return on equity. The environmental integrity has shown a presence in the three sub-variables. For this reason, we conclude that the environmental integrity dimension is ranked as number 1 in terms of financial performance.

Dimension: Environmental integrity

Variable: Internal process.

Sub-variables: productivity, labor turnover, working capital.

Analysis: The Company XXX has improved its productivity in the last years. A factor that influenced the sub-variable productivity is the production of bio-fuel, which is strongly linked with environmental integrity. The sub-variables of labor turnover and working capital did not show any impact by the dimension environmental integrity. The environmental integrity showed a presence in only one sub-variable. The environmental integrity dimension is ranked as number 6 towards financial performance.

4.7 Reliability and validity

When evaluating reliability of research, one can ask if the research findings have the ability to be repeated by someone else and would yield the same result (Bryman & Bell, 2007). Further elaboration on the question as to whether similar observations and interpretations made under different circumstances would give a comparable answer in line with the first case study ensures reliability (Ibid).

Our research is based on a large amount of secondary data, combined with a deeper understanding through interviewing the people responsible for CSD in the company, which will ensure the reliability and validity of the data acquired. To enhance the reliability further, and stability in the measures, a more equal market is chosen, in which multiple case companies are questioned and researched. It should be remembered that this qualitative analysis is based on interviews, which means that it has been dependent on humans in the data collection.
Validity may be questionable due to peoples’ individual opinions, experiences and the fact that the same thing can be perceived differently. To make sure that our indicators measure our variables in order to further ensure validity in this study (Bryman & Bell, 2007), a semi-structured interview guide with more specific questions is made, and all interviews are recorded and analyzed by two researchers, as advised by Bryman and Bell (2007). We have to be mindful that respondents may not hold the same opinion in several years time, since the issues researched in this study relate to the current environment, and developments as shown by Montiel (2008). Therefore, is it not guaranteed that a future study would lead to the same results, regardless if the same or new respondents were chosen. The method section in this study is important in order to gain reliability, since the documentation informs how this research has been executed, and how a similar study can be undertaken. The choice of methodology and descriptions on how this study has been structured and implemented is presented thoroughly in order to secure reliable results.

It is important to make sure that the research findings represent what actually happens in the situation (Bryman & Bell, 2007). This is done by the minimizing of research errors. To ensure validity in this study, both researchers of this study have worked on the data and gathered information in order to minimize the risk of misinterpretation.

The recording of the interviews ensured internal reliability (Bryman & Bell, 2007), since it gave the opportunity to go back and listen to the interviews. Misinterpretations or misunderstandings were also reduced. Both researchers in this thesis conducted all the interviews. It is important to remember that the executed telephone interviews could detract from the validity since the non-verbal components and potential underlying assumptions are not documented. However, the solid structure of the semi-structured interview guide, as shown in appendix 9.2, and the increase in scope of the research, gives a solid base, and the flexibility of a qualitative approach leaves room for further development of answers. Nevertheless, telephone interviews are considered the second best option when doing a qualitative research of this scope.
5. Empirical Data/Data Collection

Here, the empirical data will be presented in line with the case companies, and categorized with the theoretical models. For every case company, a clear identification of SCD will be described. The OP performance measurements and the integrated SBSC will be shown. The ranking of 2007 in the PwC FPP survey (PWC, 2008) will be shown in the headings between brackets.

5.1 (4) Svenska Cellulosa Aktiebolaget (SCA)

We have performed an interview with Patrik Isaksson, Vice President Environmental Affairs of SCA. He is responsible for all environmental issues, and therefore the main contact person for Corporate Sustainable Development. Secondly, we have performed an interview with Respondent A, who is responsible for the HR activities within the company as well the outgoing information to the public. We did not receive a confirmation of acknowledgement to use Respondent A’s name. However, we do believe the information provided is of importance.

5.1.1 General information

SCA offers personal care products, tissue, packaging, publication papers and solid-wood products in more than 90 countries. SCA has 52,000 employees and has got offices and sites in around 60 countries. The annual sales in 2008 amounted to €11.5bn (SCA, 2009).

The markets and products

SCA’s eight largest markets are (in order): Germany, UK, France, USA, Sweden, Italy, Netherlands and Spain. SCA had divided its products and operational fields in four areas of which all products are produced from SCA-owned forests (SCA, 2009):

1. Personal Care comprises three product segments: incontinence care, baby diapers and feminine care. Their important consumer brands are TENA, Libero and Libresse.
2. Tissue consists of toilet paper, kitchen rolls, handkerchiefs and napkins as well as complete hygiene solutions. Some of the brands are Tork, Tempo, Zewa and Edet.
3. Packaging offers containerboard and packaging like transport packaging, protective packaging, consumer and point-of-sales packaging as well as services.
4. Forest Products produces publication papers, pulp and solid-wood products.

Public opinion on CSD

According to SCA (2009) sustainability is more than a legal requirement. SCA believes in using sustainability as a competitive tool, and tends to invest a major amount of time, effort and money in sustainability programs and improvements. Therefore, the usage of sustainability as a marketing tool and pro-active strategic decisions-making tool is seen as one of the major focuses. Sustainable development has been a key part of SCA’s business model and product offering for many decades. The sustainability policy and Code of Conduct stipulate how the Group addresses
environmental and social issues, which create long-term value for shareholders and other stakeholders.

**Interviewees connection to CSD**

According to Mr. Isaksson, sustainable development is a very big topic within the company and very integrated in the strategic mindset of the company: “In SCA if you look at the sustainable development, quite large part is actually connected to environmental questions. Of course also a lot part of social questions but they have a longer tradition at SCA to work with environmental issues, and that is of course a extremely large field nowadays, looking at the global warming issues and activities that SCA participates in and actions that it takes to combat the climate change” (Isaksson, 2009). He stresses the increasing importance of the environmental dimension in sustainable development, and the long term usage of this dimension in their company’s mindset. Also, the division in responsibility amongst every dimension is said to be of upmost importance to gain the strongest position: “like sustainability or corporate citizenship or corporate social responsibility and we believe in order to have the strongest effect the most detail and the forward looking activities in the whole area of sustainability, divide environmental questions separate from social questions, thereby we can be strong in each part and present a quite strong sustainability report” (Isaksson, 2009).

**5.1.2 Identification of Corporate Sustainable Development.**

**a) Environmental Integrity (EI)**

Isaksson responded about the level of harmful impact and the potential improvement in comparison with other competitors, as follows: “when you ask for products, I would say so; they are at the same level as competitors if you just compare the product itself they are as environmental friendly as, I would say, most of the company paper products are.” Input on remediated/replenished sources are answered positively, as Isaksson explained: “Yes, we have a number of such examples, on is a our recent investment together with the Norwegians in wind power that produce 2400 gig watt a year.” In order to see to what extent this example has made an impact, Isaksson (2009) explained: “This is a new plant, so this is additional electricity, and this will be used in different connections, but SCA will use 500 gig watts in its own production. SCA uses around 9000 gigawathours a year, and 30% of that we produce ourselves in efficient combined heat and power facilities, the other 70% we purchase from the local grid. Today these 500 gig watt hours are amongst the 70% we purchase from the local grid, so this is one way to fulfill our corporate objective, which is reducing the amount of CO2 from our own use of fossil fuel and purchased electricity between 2005 and 2020.”

On waste reduction, a specific example was cited by Isaksson (2009): “If you look at our fuel database, 40% is allocated to gas, when we see oil and coal, we only use 1% of coal, and 5% of oil, and the remaining fuel is bio fuel. But we continue to invest in energy facilities, and we continue to replace oil and coal with bio fuel in new combined heat and power facilities. Also, one example is to replace natural gas consumption with a new production way, as in Germany,
together with the local authorities, we have invested in a new boiler that will use production waste and household waste as a fuel, in that way we can replace natural gas.”

About toxic waste, Isaksson (2009) mentioned the following: “Our toxic waste is sent to professional companies that do handle the toxic waste but we have a very small amount of that, is mainly consistent in light bulbs oil spills and maybe batteries and that type of products otherwise we have a very low amount of toxic waste. It is an internal approach we send it to external treatment”

b) Social Equity (SE)
“It is of course connected to investments and the pressure of stakeholders in SCA shares for one thing, because a large increase of interest by the investor is interesting not only in climate change issues but also in environmental and social issues, because the a large interest for people soon graduating is this point and they put it quite high on the references list, when they compare companies, they would like to work with companies where they have this quite high on the agenda. You know of course that there is a large interest for mass media it’s a large interest from rating firms around the World, it has several consequences. One of the consequences of course is that the most important at the moment is if it is made as a result of the EU commitment protocol. I am referring to the land resources, I am referring to trading system, and then many other measures taken by the EU to fulfill the commitment socially and environmentally etc.” (Isaksson, 2009).

Also, the quote within the EI dimension is touching upon the collaboration with local communities and government, and stressing upon the formal dialogue with stakeholders.

c) Economical Prosperity (EP)
The cooperation in Germany is touching upon the working with governmental officials to protect the company’s interest. Also, the increase of standing timber in SCA’s forests grasps the working with governmental officials, as Isaksson (2009) mentioned: “we do believe that forest management could be maybe the most important key to combat climate change we have a net increase of standing timber in our forest that we correspond approximately to 2.6 million tons a year that increased corresponds to an increased standing timber in our forest approximately 1% a year if all forest management in the world would have the same net increase that is the same 1%, so much would be absorbed and growing forest that it would have no increase concentration in carbon dioxide in the atmosphere therefore to be a little bit provocative if the rest of the world would be as SCA the damage environmentally we have today would not exist. We are in discussions with the EU to provide an example for forestry in all of Europe.”

Furthermore Isaksson (2009) mentioned the investment in a wind power park, which will reduce the costs of buying the energy by producing it itself. He also mentioned different ways of using spin off-technologies that could be profitably applied to other areas of the business as he said: “We have a constant improvement in many aspects of the environment, we are now taking a decision to invest in green power we have to generate 2400 gigabytes of powers a year, it is a
quite unique investment, we have invested in a new boiler in Germany in...located close to one of our sites, which we will use production waste as a fuel and by that we are reducing the use of natural gas, we have invested in new recovering boilers in Sweden. We invested in new biological cleaning plants when it comes to water cleaning, we have a number of investments in the pipe line and we have performed a number of investments to increase or improve the environmental/sustainable work in the company,”

A product differentiation can be found in the usage of more cellulose as an ingredient, as Isaksson (2009) explained: “our raw material is 50% paper (recycled) and the other 50% is wood or forest fiber from the wood. That has been constant for last years but of course we have small parts of forest fiber materials in our products which are called super absorbent to absorbed fluent, we have today and ongoing research project together with one of the universities in Sweden to replace that forest fiber part based material with cellulose fiber if we could do that, that of course will improve the usage of ingredients.”

5.1.3 Organizational Performance and Measurements
Most of the information to fill in the measurements of performance is taken from secondary data. Nevertheless, we also complement data with primary data and personal opinions of the interviewees.

a) Financial Performance

The first variable of organizational performance is the financial performance. According to Issakson (2009), most of the investments that have a positive impact in the environment have also a positive impact in the financial situation; all investments are made from a financial return perspective. We will observe the behavior of the financial tools between 2004-2008.

Sales growth
According to the Annual Reports of SCA (2004-2008), the sales in SCA for 2004 were for SEK 89,967.00M.; in 2008 the sales were for SEK 110,449.00M, securing an increase of 23% during those five years. During the last five years, we can observe a constant increment in sales, 2005 being the year with more increment of the last five years, with an increase of more than 7% in sales. In 2004, SCA had an increase of 5.4% from 2003, while the average increment in the last five years (2008, 2007, 2006, 2005, and 2004) is 5.29%. In the chart below (figure 7), we can observe the net sales year-by-year and the growth in pct. also an average pct. of growth including the last five years.
Return on Sales (ROS)
The ratio return on sales (ROS) (net earnings/sales) in 2008 was 5.0% (110,449.00 / 5,598.00), while in 2004 it was 5.7% (89,967.00 / 5,192.00) (SCA, 2004-2008), showing a decrease of 7% between the years, which means that, even though SCA is obtaining more income for sales, the expenses had also increased by a bigger percentage than the sales. Obtaining more revenues from sales has not increased the net earnings.

Return on equity (ROE)
The return on equity (ROE) (shareholders/net earnings) in 2008 was 8.42% and, in 2004, was 9.55%, decreasing the return of equity in 11% between 2004 and 2008 (SCA 2004-2008). In 2004 the ROE improved by 5% from 2003. In figure 9, we will show the return equity ratio in the last five years in percentage terms. It is important to consider that a global crisis around the world might influence the results of 2008. (SCA, 2008)

b) Internal Processes

New graduates are willing to work in a company that has a high standard in social and environmental issues (Issakson, 2009). This statement matches with Orlitzky’s (2004) claim that CSD might improve the employee’s satisfaction and attract talented employees to the company.

Productivity
According to SCA (2008), and SCA (2004), SCA produced 9,361 tons of paper and pulp, and 1,597 m3 of timber and solid wood products in 2008, and in 2004 produced 9,543 tons of paper and pulp and 1,509 m3 of timber and solid wood products. In 2008 they created a new concept called “personal care” which, in 2004, is included in the other sections. (See figure 8)
**Labor turnover**

The capital turnover ratio, which is the ratio between the net sales and the average capital employed, was 1.04% for 2008 and 1.03% for 2004; there is a minimum variation between the years (SCA, 2004; 2008).

**Working Capital/Sales**

In 2004, SCA had total current assets of SEK 29,400M, and a total current liabilities of SEK 34,797M, resulting in a working capital of SEK -5397M and the ratio working capital/sales was working capital deficit of -5.9%. In 2008, SCA had current assets for SEK 42,449M and current liabilities of SEK 38,708, resulting in a working capital of SEK 3,895M, and a working capital/sales a positive ratio of 3% (SCA, 2004; 2008).

c) **Customer/Market Performance**

According to Isaksson (2009), the environmental and social performance has an influence on the customers; the information provided by SCA involving environmental issues has an impact in the market.

**Market Share**

In 2008, SCA was the leader in Europe of incontinence care products, second in baby diapers and third in personal care (SCA, 2008). In 2004, the positions were almost the same in those products, but there was a big loss of share market in incontinence products in Europe from 40% to 27% (SCA, 2004). In the global market, SCA is still the leader in incontinence products. There was also an important change in AFH tissue, where SCA is third in North America (see Figure 9 & Figure 10) in 2004 and in 2008, having a market share of 22% in 2004 and dropping to 19% in 2008. In consumer tissue, SCA was the leader in Europe in 2004 (see Figure 10) and still in 2008 it was improving the market share from 22% to 25% (see Figure 9). In packaging, which is divided into corrugated and containerboard, SCA was first and second respectively in 2004; in 2008 they were second place in both products. In the forest product, which consists mainly in publication paper, SCA has a modest participation in the market; in 2005

<table>
<thead>
<tr>
<th>Personal Care</th>
<th>Europe</th>
<th>%</th>
<th>North America</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence</td>
<td>1</td>
<td>40%</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Baby Diapers</td>
<td>2</td>
<td>15%</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>9%</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
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</table>

<table>
<thead>
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<th>Europe</th>
<th>%</th>
<th>North America</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer tissue</td>
<td>1</td>
<td>25%</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>AFH tissue</td>
<td>1</td>
<td>17%</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Packaging</th>
<th>Europe</th>
<th>%</th>
<th>North America</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrugatedboard</td>
<td>2</td>
<td>11%</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Containerboard</td>
<td>2</td>
<td>8%</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Forest products</th>
<th>Europe</th>
<th>%</th>
<th>North America</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication paper</td>
<td>6</td>
<td>6%</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

**Figure 9. Market share per products SCA in 2008, source SCA (2008)**

**Figure 10. Market share per product, source: SCA (2004)**
they had 5% of the market, and in 2008 they jumped up to 6%, staying in the 6th position in both years (SCA, 2008).

**No. of New customers**

According to SCA sustainability (2007), SCA has chosen to use sustainability as a competitive advantage because, nowadays, the customers are aware of the sustainability of the company. A clear example of this was when SCA won a contract in 2007 with the New Wembley Stadium in London; all the toilets in the stadium were to use SCA’s products. For John Andersen, who is the cleaning services manager in the New Wembley Stadium, the fact that SCA works with an extensive environmental program was a decisive factor to close the contract with SCA (SCA sustainability, 2007). As we can see in Figure 9 and Figure 10, more emphasis is placed on the tissue customers, showing an increase of market share, and an additional increase of new customers of 3%. However, the number of customers in such a large company is fairly difficult to assess, as Isaksson mentioned: “That is very difficult to say, just because we are such a big organization, we operate in several industries, and we work on industrial and end consumer level”. Therefore, we have decided to put this specific data into percentages, showing an increase of 6% for new customers, and approximately 4% when taking forestry and tissues, with the above-mentioned example, into account in 2008 in comparison with 2004, as seen in Figure 9 and Figure 10.

**Product Return rate**

SCA production process works according to the program ZERO-DEFECT, which was built according to the principles of the ISO 9001-2000; the company implemented it in 2004 (Parsytec AG, 2008). The program ZERO-DEFECT is applied in order to achieve excellence under the following criteria: high reliabilities levels fulfill specifications requirements, no defects are accepted in the sample taken, preventive actions (Ibid). For SCA, the concept of quality also means quality for the final user. Monitoring and measuring systems are applied in order to test the quality of the products. Also, the uses of other quality systems, such as Parsytec HTP, are important tools to prevent defective products. This was installed in 2002 and, since then, the remaining level of defective products has been < 2% (Ibid).

**d) Learning & Development performance**

**New products**

In 2004, 79 patents were in process for new products (SCA, 2004). The last two years 2006-2008 SCA showed an average number of 100 patents per year (SCA, 2008). According to Isaksson (2009), the creation of new products for a better quality of life is a very important issue for SCA.

**New markets entered**

SCA has increased in the markets of Asia, Latin America and Eastern Europe by 12%, 13% and 17% respectively in 2008 and SCA has grown by 14% in new markets. Nowadays, SCA has doubled the amount of markets compared to ten years ago (SCA, 2008). Isaksson (2009) explained: “growing into new markets is a focus for us, but you can see that in our sustainability and annual reports”.

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Identifying Corporate Sustainable Development as a part of Organizational Performance, D.F. Mulder & C. Ramirez

37

R&D spent/sales
In 2008, research and development costs amounted to SEK 612m during the year, which is equivalent to 0.55% of the group’s net sales (SCA, 2008). Research and development is conducted both centrally and locally in the various business groups. The central activities are carried out in the form of materials and technology R&D, while the local units work with product development, often in direct cooperation with customers. In 2004, the investments in R&D were SEK 600m and .66% of total sales during the year (SCA, 2004).

e) Social Performance

Employee satisfaction
SCA stated that communication with its employees is very important for the company, using methods like reviews, surveys and meetings with employees (SCA, 2009). According to the report, the main channel of communication in the company is using the intranet, which can be accessed by half of the employees in SCA (SCA, 2009). Employees with no access to the intranet are reached by info monitors or magazines in their own language (Ibid). In 2008, SCA has elaborated quantitative studies in order to improve the work environment in the company (Ibid). SCA monitors its businesses with key performance indicators; these indicators include health and safety, age and diversity statistics, education levels and many others (Ibid).

Respondent A is acknowledging the information in this specific area, as quoted: “SCA is environmental responsible as a first person, the social side is reflected in the company culture, it reflects ethical understanding and are extremely well embedded I would be surprised if you talk to any of the 55000 employees and they did not know about them. Our ethics are extremely well communicated and on a regularly bases, meaning that we had a big campaign and we are re-launching the corporate responsibility strategy, we focus on our intranet and all new employees get an instruction on a online web training tool and they receive a code of conduct, stressing that a employee is a true member of the company.”

In the environmental report of 2004, it is commented that a code of conduct was introduced in that year. SCA has expanded in all continents and, in the last ten years, has increased its number of employees by almost 100%. That is why a code of conduct was created; it was in order to deal with different cultures, laws, business traditions and ethics. In the environmental/social report of SCA in 2004, there were remarks about the importance of safety policies, equal opportunities and diversity.

In 2004, according to a top management diversity survey applied for SCA, out of 300 managerial positions, there was found to be a diversity of 21 nationalities and 5% were women (SCA, 2004). In 2008, out of 300 managerial positions, there were found 28 nationalities, and 12% were women (SCA, 2008).

Social performance of suppliers
The current expansion of SCA into new markets has made the procurement of processes more international. By doing this, the level of risk in environmental damage has increased. SCA is
aware of that and, in order to reduce the risk of any social or environmental damage, SCA is working very closely with its suppliers. Therefore, the suppliers work together with SCA to maintain the same standards of sustainability that SCA applies in its processes (Respondent A). A goal of SCA is that all business groups within the company apply specific regulations, such as audits, questionnaires, and monitoring the suppliers’ performance to make sure that they work according to the SCA code of conduct (Ibid).

In the sustainability report, SCA asked their suppliers about the fresh, fiber-based product, and if they operate with the raw materials according to SCA requirements (Ibid). Based on the evaluations that have been carried out, the number of suppliers has been reduced (Ibid). The respondent A added: “We also have a supplier compliance requirement, and I have to say that this is an area that we are continually on, in cooperation with FedEx” and: “We embed this into our major supplier acquisitions at this moment, in addition to it, many have got their own ethical standard that comply with us, but this is work in progress, so I think we can be more formal in some cases.”

**Community Relationships**

According to the SCA (2009), SCA participates in diverse debates and discussions with representatives of the society in various levels. SCA cooperates with a number of environmental organizations, such as WWF (World Wide Fund) (Ibid). Public consultations with government agencies are regularly made for possible structural changes, employment or environmental issues (Ibid). Isaksson (2009) explained: “there is a big concern of customers, investors and media in general for environmental issues. SCA provides its investors with information related to environmental issues and an important percentage of investors are aware of this information.” The personal thoughts of both Isaksson (2009) and Respondent A are that this community relationship is an embedded issue in the values of the company. Since sustainability is a corporate culture: “From SCA perspective we feel this is a part of this business for many years, it has just been a focus that it is one of our differentiated things that make us special. The ethical consideration shows that employees stay within the company. The ethical standards make it enjoyable to work in SCA.

**f) Environmental Performance**

“We constantly do decrease emissions to water and the emission to air, we have corporate objective that is relevant for all our three hundred units around the world and that is that we should reduce the use of water, we should improve the emissions to water and reduce the emission of carbon dioxide to air and we have strict a long term commitment to for reductions and that has also in commitment in achieve reduce organic content in the emission water with the 17% of 2005 and also reduce the emission of carbon dioxide” (Issakson, 2009)

According to Issakson (2009) SCA is commited reducing the environmental damage year by year. According to the figure 11, the consumption of raw materials was the same from 2004 to 2008.
Key materials use/unit

As the main supplier of bio fuel of Swedish municipalities for several years, SCA has been working on reducing the consumption of fuel balance within the company. During the operations in 2008, a total of 53% of SCA’s fuel consumption comes from natural gas, and 40% from bio fuel. Oil and coal account 5% and 1% (See Figure 11). According to SCA (2007), SCA has reduced the climate impact of several products in the past 10 years (1998 to 2007), including the following: Libero, open diaper (16% reduction), Tena Slip (9% reduction), Tena Pants (23% reduction), feminine hygiene, thin towel (17% reduction) (SCA, 2007).

Energy use/unit
In 2004, SCA used 8,441 GWhr of energy and, in 2008, the consumption of energy was 9,116 GWhr. Most of SCA’s electricity, 73%, comes from national grids, while 27% comes from electricity produced in the Group’s cogeneration plants (SCA, 2009). SCA is currently carrying out an extensive initiative to increase its proportion of renewable and environmentally sound electricity by making major investments in wind power, as well as increasing the capacity of the Group’s power plants. Isaksson (2009) complemented this by saying: “Yes, we have a number of such examples, one is a recent investment together with the Norwegians in wind power that produce 2400 gig watt a year. Moreover we have an energy saving project (500) which are smaller, each of them alone they do not contribute, but together they do. (Isaksson, 2009) We produce three terawatt hours a year of bio fuel, and we have a net increase of standing timber of 1% a year, which corresponds with the consumption of 2.6 mill tons of Carbon dioxide.” (Isaksson, 2009)

Emissions, effluent & waste/unit or as a % of total resources used
According to Isakson (2009) “We constantly do decrease emissions to water and the emission to air, we have corporate objective that is relevant for all our three hundred units around the world and that is that we should reduce the use of water, we should improve the emissions to water and reduce the emission of carbon dioxide to air and we have strict a long term commitment to for reductions and that has also in commitment in achieve reduce organic content in the emission water with the 17% of 2005 and also reduce the emission of carbon dioxide”. Forest

Identifying Corporate Sustainable Development as a part of Organizational Performance, D.F. Mulder & C. Ramirez
Nsvrarrete 2009
management is a part of the environmental strategies in SCA. The growth rate of SCA’s forest is approximately 1% a year.

5.2 (75) Sveaskog AB

Here The CSR Manager of Sveaskog, Sara Vikman, has been interviewed.

5.2.1 General information

Sveaskog claims that it is Sweden’s largest forest owner; 15% of the forest land is owned by Sveaskog (Sveaskog at glance, 2009). The main product focus is on saw logs, pulpwood and bio fuel (Ibid). The company works with land sales, and tourism such as hunting and fishing (Ibid). Sveaskog also makes land available for entrepreneurs within eco-tourism (Ibid), making the forest Sveaskog’s core business. Sveaskog’s vision is to lead the way in the development of forest values (Ibid).

Sveaskog annual sales are SEK 7 billion and Sveaskog has got around 726 employees. Also, Sveaskog is owned by the Swedish state (Ibid).

The markets and products

Sveaskog offers adapted solutions and products for the forestry industry, such as sawn timber, pulpwood, cellulose chips and the raw materials for bio fuel (Ibid). Also, the production of bio fuel is one of their main competencies at this moment (Ibid).

Public opinion on CSD

A personal answer from Vikman stated the following: “A great part of it is to be responsible for the sustainability reporting, and we report according to the GRI, meaning the Global Reporting Initiative. And that contains all three dimensions: economical, environment and social responsibility Sveaskog is a forest owning company, the biggest question is how we handle balance between production and environment, environment and biological diversity in our forest, to the product when we are to produce timber for the industry. We are not an owner of an industry but nature and biological diversity in our forest is important, while we are conducting forestry. So sustainable forestry is very important for us.”

Interviewee connection to CSD

To explain the connection of our research topic to the responsibilities of the interviewee, Vikman replied: “I am a corporate social responsibility manager at Sveaskog; this is a new position, both for me as for the company. And I have been working with our annual report and our sustainability report for a number of years, and from this year we have this new position.” According to Vikman, this new position covers the three dimensions of corporate sustainable development; therefore, she is the right and only person to question.
5.2.2 Identification of Corporate Sustainable Development.

b) Social Equity (SE)
On the issue of to what extent Sveaskog takes stakeholders into account, Vikman answered: “Yes stakeholders are very important, as we have land all over Sweden. It concerns very many people in outdoor activities, you are being a neighbor and as well as many people in our country interested in nature conservation. We have hunting and fishing, we have forest customers, depending on good quality timber and the reindeer industry. We have worked with stakeholders for a very long time, and we will continue with that, especially because now we are working with the global reporting initiative.”

A health and safety issue is touched upon too as Vikman responded: “Forestry is dangerous work, so we work very structural with these questions; because it is very important for us and our employees and of course the employees of our contractors.”

Communities concern and the follow up is touched upon by Vikman’s statement: “If you mean like a brand survey, that could be an answer. Otherwise we have a study in how well we are, or how many jobs we are creating directly and indirectly. We do have direct dialogs, such as FORUM SVEASKOG. But in the south of Sweden the interest is very low, so it tends to be cancelled there, but in the north the community is very active and wants to join this dialogue.”

c) Economical Prosperity (EP)
Concerning new technologies Vikman responded: “R&D generally is a primary orientation for us. We have different areas but climate is an important one. Within that area we are leasing land for wind turbines. We are taking out more and more bio fuel. But you do need that, you need new machines, you have to have new technology in machines, such as forestry machines who do not damage the land as much as before. We are supporting and leasing land for studies for sustainable forestry and different ways of production and foresting. What also is important is biodiesel, so we are also into that”

On the waste production and development Vikman replied: “Bio fuel is increasing, since it is a renewable energy source and a very big contribution to fight planet change. But it requires new technology and investments. But the demand is increasing.” According to Vikman, with more profitable forestry, you can gain more value from the amount you take out. More growth in forestry is to have more wood to take out. Therefore, the economic plan is a very long term one, as Vikman said: “We decreased production, but the storage in the forests) is growing. It is going down because the timber price is going up. We have a long time plan of 30 years, so it is going slowly.”

In addition the economic prosperity in new product is touched upon by Vikman: “Bio fuel is increasing, since it is a renewable energy source and a very big contribution to fight planet change. But it requires new technology and investments. But the demand is increasing”.
a) Environmental Integrity (EI)

When talking about impact on the environment, Vikman responded with: “We could have impact on biodiversity, especially on the ground and in the winter when it is not really cold and hard. Another impact on environment is of course emissions, strong machines and heavy transportations.”

Regarding the work made by Sveaskog to improve the environmental impact, Vikman answered: “We have been less harmful all the time, we are working with a target of 20% of our forests which are there for environmental purpose only (biodiversity) in nature conservation, and emissions are going down, from 130 last year to 116 this year. We are reporting on those every year, and doing following up.

All our forests are kept according to 35 Forest Stewardship Council FSC council.”

About the sensitive locations handling, Vikman responded: “Yes we have sensitive locations. We have got 15% of Swedish productive forests, we have checked which areas are more sensitive than others (a red list of endangered species and biological diversity etc.) in these areas we use special tools, and the parks are called eco-parks, large forest landscapes that we set aside for environmental and outdoor activities only. So we have big landscapes, now we have 23 but we are going to have 35. 20% of our forests are taken aside for this (which is seen as our most sensitive areas) also on the production sites; we check the sensitivity in biodiversity etc.”

With regard to reducing waste, Vikman explained: “When we are lumbering one waste is pampered trees. It is a positive waste, we have to leave high trees, and we have to leave branches for nutrition, but we do not leave so many branches because we use them to produce bio fuel, therefore making a new product out of waste”.

5.2.3 Organizational Performance and measurements

a) Financial Performance

Sales growth

According to Sveaskog’s annual report of 2004, the sales were SEK 8,335.00M., and according to Sveaskog’s annual report of 2008, the sales were for SEK 7,240M, obtaining an increment of 3.25% on average during those five years (See Figure 12). We can see that there has been a small decrease in sales over the past five years, which can be attributed to a storm that caused damaged in the south of Sweden, increasing the costs of transportation, road maintenance, and higher planting costs (Sveaskog, 2005). From 2006 to 2007, there has been a big increment on sales of 20%. There was an increasing demand of 4% for wood raw material, so the rise in prices on timber products had a great impact in the annual results in 2007. At the end of 2007 and the beginning of 2008, the recession has affected the forest and wood products industry.
Return on Sales (ROS)
The ratio return on sales (ROS) (net.earnings/sales) for Sveaskog in 2008 is 19%. In 2006, the good climate of the forestry and packaging industry allowed Sveaskog to have a 35% ROS. The causes of this increment, according to the annual report of 2006, were that the effects of the storm in 2005 had decreased considerably the prices of the products increased owing to the high demand for products and a decrease in the level of costs (See Figure 13).

Return on equity (ROE)
The return on equity (ROE) (shareholders/net earnings) in 2008 was 8.42% and, in 2004, was 9.55%, decreasing the return of equity between 2004 and 2008 (See Figure 14). In 2004, the ROE improved by 5% from 2003. In the chart below, we will show the return equity ratio in the last five years in percentages.

b) Internal Processes

Productivity
The production of timber has decreased in the last three years (Sveaskog, 2008). According to Sveaskog (2007), one of the main reasons was the storm Per in 2007, which affected 1 million m3 of Sveaskog’s owned forest land. Also, the storm in 2005, called Gudrun, brought the spruce bark beetle that caused extensive damage to the forest, especially in the southern part of Sweden. (See Figure 15)
Regarding the selling of land, one of Sveaskog’s main business activities, Sveaskog has sold 37,000 hectares during 2007 in 238 deals. In 2008, Sveaskog had 239 deals, which is about the same as 2007, representing an income of 1,030 MSEK a little bit lower than 2007 (1.059).

Figure 15. Variation in production Sveaskog in %. Source; Sveaskog (2004; 2005; 2006; 2007; 2008)

<table>
<thead>
<tr>
<th>Labor turnover</th>
<th>Sveaskog Labor Turnover 2003-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$7,240.00</td>
</tr>
<tr>
<td>Average number of employees</td>
<td>1,018</td>
</tr>
<tr>
<td>Labor turnover</td>
<td>$7,11</td>
</tr>
</tbody>
</table>

Nevertheless, we can see that, in 2006, a rise in labor turnover occurred (Sveaskog, 2007;2008).

Figure 16. Labor Turnover, Source: Sveaskog (2004;2005;2006;2007;2008)

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>2008</td>
</tr>
<tr>
<td>Inventories</td>
<td>$639.00</td>
</tr>
<tr>
<td>Current receivables</td>
<td>$1,786.00</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>$739.00</td>
</tr>
<tr>
<td>Working capital (assets)</td>
<td>$3,164.00</td>
</tr>
<tr>
<td>Sales</td>
<td>$7,240.00</td>
</tr>
<tr>
<td>Working capital assets/sales</td>
<td>2.29</td>
</tr>
</tbody>
</table>

Figure 17. Current Assets, Source: Sveaskog (2004;2008)
c) Customer/Market Performance

**Market Share**
In 2008, the global economy entered into a recession, causing negative growth (Sveaskog, 2008). Many analysts expected the wood products’ prices to fall (Ibid). This decrease applied to the pulp and paper industry as well (Ibid). The consumers bought less paper due to the market conditions (Ibid). The distribution of bio fuel increased constantly, and European foreign energy companies as suppliers of bio fuel (Ibid) had hired Swedish companies. In 2007, Sveaskog increased the volume of sales in bio fuel by 25% and, in 2008, this increase continued (Sveaskog, 2007; 2008). In 2003, Sveaskog’s sales volume for bio fuel was 100 MSEK; in 2007 the sales volume was for almost 275 MSEK (Sveaskog, 2003; 2007).

The figure below (Figure 18) shows how the demand of bio fuel has increased considerably in the last years. In 2008, the tendency of increment was still positive (Sveaskog, 2008)

![Sveaskog Biofuel](image)

**Figure 18. Volume of sales of Bio fuel in Sveaskog. Source: Sveaskog (2007)**

**No. of New customers**
Sveaskog has nowadays (2008) 70 saw log customers, 30 fiber raw material customers and 40 bio fuel customers (Sveaskog, 2008). In 2004, Sveaskog delivered to 80 saw log customers, 35 fiber raw material customers and 30 bio fuel customers (Sveaskog, 2004).

Regarding the sale of land, which is another of Sveaskog’s main business activities, the number of deals has been relatively the same in the last four years (See Figure 19). Sveaskog has sold 37,000 hectares during 2007 in 238 deals. In 2008, Sveaskog had 239 deals, pretty much the same as 2007, representing an income of 1,030 MSEK, and a little bit lower than 2007 (1.059).
Product Return rate
According to Vikman: “Sveaskog has a minimum quantity of product return rate in last five years, which is not significant according the volumes of production operated by Sveaskog. Sveaskog controls its production is by using the VALS (Timber market Business Management System) process which is used to optimize the timber and bio fuel business in Sveaskog by being aware of the customer requirements. This program was successfully implemented in 2003. Therefore there has not been an important change in the product return rate from 2004 to 2008.” No significant data can be found in secondary sources.

d) Learning & Development performance

New products
Sveaskog is developing new eco-parks. According to Vikman, creating more eco-parks is high on the agenda in order to promote hunting, fishing and eco tourism. In 2004, Sveaskog had six eco parks and, in 2005, five were inaugurated (Sveaskog, 2004). By 2007, Sveaskog had 19 eco parks and, in 2008, a total number of 23 eco parks were situated (Sveaskog, 2007). The final goal is to have 34 eco parks in total.

New markets entered
Due to the fact that Sveaskog is privately owned, no information concerning this area could be found. However, Vikman commented: “Sveaskog has increased the number of sales and customers especially in the bio fuel industry. Sveaskog has shown a raise in the deliveries of bio fuel for more than 150% in the last five years. The timber market has increased in the Baltic area and in eastern Europe countries, but consumption has decreased in other western Europe

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countries related to the economic environment nowadays, even though the negative change in the currency in Sweden has resulted positive for the sales by having better prices in comparison with the other European competitors. The bio fuel has a considerable increase in the market, but regarding the timber market Sveaskog has small changes in new markets (Baltic Eastern Europe).”

**R&D spent/sales**

According to Sveaskog (2007), the company is aware of investing in research and development, investing in modern forest technology, silvicultural methods and biotechnology in order to improve the value of the forest. In 2007, the total amount of investments in new machinery and equipment for development was for 90 MSEK; in 2003, the amount invested was 302 MSEK. The ratio between investments and sales decreased from 2003 to 2007 (See Figure 20).

<table>
<thead>
<tr>
<th>Sveaskog Investments in Research and Development 2007-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In million SEK</strong></td>
</tr>
<tr>
<td>Investments in new machinery and equipment</td>
</tr>
<tr>
<td>Total Sales</td>
</tr>
<tr>
<td>Investments/Sales</td>
</tr>
</tbody>
</table>

*Figure 20. R&D, source: Sveaskog (2003;2007)*

**e) Social Performance**

**Employee satisfaction**

Since 2005, Sveaskog has used an internal survey, called VIS, to measure the employee satisfaction. The survey has a high level of respondents in the company; 85% of the employees had the opportunity to participate (Sveaskog, 2005). The overall index was 64 for the year 2007, which means that results decreased by a small amount from the survey in 2005, which had an index of 69 (Sveaskog, 2007; 2007). According to Vikman, a possible reason for this decrease in satisfaction is that Sveaskog had a reorganisation in 2006, which resulted in new ways of working-in processes. The survey of 2007 showed that employees were uncertain of the new organisation and ways of working (Sveaskog, 2007). Vikman also commented: “Several actions were taken and some adjustments were made to the organisation leading to more clear responsibilities for example. We also have been working with education (process-oriented working) in 2008, continuing in 2009. The employees also manifested in the survey a lower proportion of the skills development they need.” By doing this training during the last years, the employees are more enrolled with the company’s targets (Sveaskog, 2008).

**Social performance of suppliers**

According to the Satisfaction Supplier Index, the satisfaction of suppliers has increased to 70% in 2007, while in 2005, a 57% rise has been found, which shows that the suppliers are more satisfied with Sveaskog, and consider Sveaskog as a good partner with which to do business. Nowadays, Sveaskog is applying higher standards of FSC (Forest Stewardship Council) in order to assure the quality of the purchasing process.
Sveaskog buys timber from approximately 8,000 suppliers around Sweden; most of them are private forest owners (Sveaskog at a glance, 2009). Sveaskog uses the VALS business management in order to cope with management of sales, purchases, felling and logistics (Sveaskog, 2008).

**Community Relationships**

Sveaskog tries to implement sustainable development in the communities where it operates (Sveaskog, 2009). In 2007, three local meetings were held with 140 participants; the issues in the meetings were silviculture, the timber trade and eco tourism (Sveaskog, 2008). Furthermore, Sveaskog had 20 meetings with approximately 200 people regarding the conservation of the forest (Ibid). In 2005, 400 people attended the meetings and, for 2006, seven meetings were planned (Sveaskog, 2005). According to Vikman, Sveaskog is looking to develop more and new forms for local dialogue. Also, the creation of eco parks will increase the quality of life for the people in the community; Sveaskog has approximately 20 recreation areas besides the eco parks.

**f) Environmental Performance**

**Energy use/unit**

One of the main sources of energy for Sveaskog is the use of fossil fuels. From 2004 to 2008, Sveaskog has decreased the consumption of fossil fuels, especially in the transportation area (Sveaskog, 2008). In 2004, Sveaskog used approximately 1,200 terra joule of fossil fuel for transportation, and approximately 610 terra joules for forestry operations, making a total amount of 1,810 terra joules (Sveaskog, 2008). In 2008, the consumption of fossil fuel was approximately 1,100 terra joules for transportation and 590 terra joules for forestry operations, with a total consumption of 1,690 terra joules, which represents a reduction from 2004 to 2008 of 6.6% in the total consumption (Sveaskog, 2008).

<table>
<thead>
<tr>
<th>Sveaskog Relation of timber extraction and Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>Timber extraction from own forest in m3 sub (Millions)</td>
</tr>
<tr>
<td>Net income $</td>
</tr>
<tr>
<td>Relation timber extraction/Net Income</td>
</tr>
</tbody>
</table>

**Key materials use/unit**

Sveaskog has reduced the amount of extraction of timber in the past five years. Nevertheless, this reduction in timber extraction has increased the net income in the last three years by reducing production costs, which expresses a better income with less raw material resources. This might have been influenced by the increase of prices in the timber market. Still, the relation between the net income and the timber extraction is positive from 2004 to 2008 (Sveaskog sustainability, 2008).

**Figure 21. Relation of timber extraction, source: Sveaskog (2008)**

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*Nsvarrete 2009*
Emissions, effluent & waste/unit or as a % of total resources used

In 2004, the total amount of fossil COD emissions was approx. 140,000 tons, including the forest activities and transportation and, for 2008, the total emissions for fossil COD was for approx. 128,000 tons, which shows a decrement of 8.5% through the years. One of the Sveaskog’s operational targets is to keep reducing the amount of emissions generated from fossil COD.
6. Analysis

Here, the information provided in the empirical data is combined with the measurements of CSD and the performance measurements of the sustainable balance scorecard. A comparison between SCA and Sveaskog will be outlined in the final chapter.

6.1 Identification of CSD within the company

6.1.1 Environmental Integrity (EI)
According to Bansal (2005), EI can be found within a company by looking through several ways of managing within the company. With the empirical data, and the measurements provided by Bansal (2005), a score can be developed to reveal the extent SCA, and Sveaskog, has their focus on this specific dimension (See Figure 22). In this analysis, a comparison will be made to show to what extent one of the mentioned processes or activities will be present or not, with the provided empirical data:

<table>
<thead>
<tr>
<th>Environmental Integrity (EI)</th>
<th>SCA</th>
<th>Sveaskog</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mined/manufactured products that have a less environmentally harmful impact than in previous years or than its competitors</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>2 Mined/manufactured products with less environmentally damaging inputs than in previous years or than its competitors</td>
<td>Not Present</td>
<td>Present</td>
</tr>
<tr>
<td>3 Chose inputs from sources that are remediated or replenished</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>4 Reduced environmental impacts of production processes or eliminated environmentally damaging processes</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>5 Eliminated or reduced operations in environmentally sensitive locations</td>
<td>Not Present</td>
<td>Present</td>
</tr>
<tr>
<td>6 Attempted to reduce likelihood of environmental accidents through process improvements</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>7 Reduced waste by streamlining processes</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>8 Used waste as inputs for own processes</td>
<td>Present</td>
<td>Not Present</td>
</tr>
<tr>
<td>9 Disposed waste responsibly</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>10 Handled or stored toxic waste responsibly</td>
<td>Present</td>
<td>Present</td>
</tr>
</tbody>
</table>

Figure 22. Presence evaluation of EI variables, adapted from source: Table 1
Identifying Corporate Sustainable Development as a part of Organizational Performance, D.F. Mulder & C. Ramirez Nsvarrete 2009
By looking through the data provided, and applying this to the measurements, we can see that, although SCA is having environmental integrity as a main focus for its core values, Sveaskog is scoring 10% higher with reference to the measurements given by Bansal (2005). This could possibly be due to a more general approach in compliance with the EI concept. Sveaskog is smaller in size compared with SCA and, also, Sveaskog’s business activity is limited only to products related to land owning and forestry, such as selling pulp wood, timber and bio fuel (Sveaskog at glance, 2009).

6.1.2 Economical Prosperity (EP)

For EP, we can observe a similar result as in the previous chapter (6.1.1 Environmental Integrity (EI)).

Here, we can see that SCA has 100% score on the economical prosperity dimension of CSD, whilst Sveaskog is covering 66.7% of the measurements taken. Nevertheless, Vikman has elaborated on potential reasoning as to why the costs are not yet reduced, by explaining the long term approach in forestry, investing heavily today for good trees in eighty years. The answer regarding the handling of waste by Sveaskog, and the example in Germany of SCA, has made the difference in the second measurement.

<table>
<thead>
<tr>
<th>Economical Prosperity (EP)</th>
<th>SCA</th>
<th>Sveaskog</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Worked with government officials to protect the company’s interests</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>2 Reduced costs of inputs for same level of outputs</td>
<td>Present</td>
<td>Not Present</td>
</tr>
<tr>
<td>3 Reduced costs for waste management for same level of outputs</td>
<td>Present</td>
<td>Not Present</td>
</tr>
<tr>
<td>4 Differentiated the process or product based on the marketing efforts of the process/product’s environmental performance</td>
<td>Present</td>
<td>Present</td>
</tr>
</tbody>
</table>

Figure 23. Focus of the dimension per company in % self made graph with data from Figure 22

Figure 24. Focus of the dimension per company in %, self made graph with data from Figure 25.
5. Sold waste product for revenue  | Present | Present

6. Created spin-off technologies that could be profitably applied to other areas of the business  | Present | Present

Figure 25. Presence EP variables, source: adapted from Table 3

6.1.3 Social Equity (SE)

Both companies score a focus of 66.67% within the SE dimension (See Figure 27). Nevertheless, the presence of specific variables differs. As both companies did not have a feasible answer on nr.4, we will consider this variable as not present within the company. When looking at the corporate websites and the annual reports of both SCA and Sveaskog, we can see that the variable regarding the visual aspect of the firm’s facilities and operations are more evident in SCA than at Sveaskog. Nevertheless, this is could be possible due to the fact that Sveaskog is a governmental owned company and SCA a public owned company.

<table>
<thead>
<tr>
<th>Social Equity (SE)</th>
<th>SCA</th>
<th>Sveaskog</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Considered interests of stakeholders in investment decisions by creating a formal dialogue</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>2 Communicated the firm’s environmental impacts and risks to the general public</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>3 Improved employee or community health and safety</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>4 Protected claims and rights of local community (aboriginal people)</td>
<td>Not Present</td>
<td>Not Present</td>
</tr>
<tr>
<td>5 Showed concern for the visual aspects of the firm’s facilities and operations</td>
<td>Present</td>
<td>Not Present</td>
</tr>
<tr>
<td>6 Recognized and acted on the need to fund local community initiatives</td>
<td>Not Present</td>
<td>Present</td>
</tr>
</tbody>
</table>

Figure 26. Presence SE variables, source: adapted from Table 2

In the interviews, the internal ethical considerations are made very clear by SCA by Respondent A. However, Vikman also immediately responded by explaining the Sveaskog FORUM, which is an activity to promote local initiatives. Also, she said there was a willingness to work with entrepreneurial foresters within their own, owned land, which is relevant to this dimension.

Figure 27. Presence SE variables in %, source: adapted from figure 26.

Identifying Corporate Sustainable Development as a part of Organizational performance, D.F. Mulder & C. Ramirez, Nsvarrete 2009
6.2 Identifying CSD as a part organizational performance

6.2.1 SCA

Identifying CSD as a part of organizational performance rank
1(focus+) 6(focus -)

Organizational Performance

<table>
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</table>

Figure 28. SCA. Identifying CSD towards organizational performance ranking analysis, adapted source: Figure 5
I) Identifying EI towards OP (See Figure 28)

Financial performance (5) (Sales growth, Return on Sales, Return on Equity)
SCA has been increasing the amount of sales in the last five years (2008-2003). The return on sales has minor decrement in the past years, which is caused by SCA’s acquisitions and investments in expansion (Issakson, 2009). SCA had a very low rate of return on equity in 2005, but a considerable recovery occurred in 2006. 2007 was an exceptional year. In 2008, business activity decreased considerably, and this might have been the effect of the global crisis.

Patrik Isaksson (2009) commented that SCA has invested in new technologies and processes for a better environment. Isaksson (2009) commented that harnessing wind power is an environmental action which brings financial benefits by the reduction of the cost of energy consumed. Also, new investments have been made in order to reduce the emissions by using coal or fossil fuel. A new plant in Germany will use toxic waste to produce energy. This will generate a reduction in costs.

The return on sales shows a minor decrement, the equity ratio shows small variation from 2004 to 2008 and the amount of sales is increasing constantly, which shows a stable financial position. Only one sub-variable of the financial performance has shown a significant variation, while the other two stay stable. According to Issakson (2009), the environmental investments always have a financial impact but, by considering the sub-variables growth of sales, return on sales and return on equity, only the variable growth of sales showed presence of CSD in the last five years. The stability of the other two variables might be associated with the environmental policies according to Issakson (2009). Considering these facts, environmental integrity towards financial performance would be ranked with 5.

Internal processes (4) (Productivity, Labor turnover, working capital)
The productivity has increased in the last years. The implementation of new technologies as the new plants, new raw material, and power generators (Issakson, 2009) that contribute in following environmental integrity might have a slightly positive effect on the production (Orlitzky, et al. 2003). The increment in productivity is not related to any changes in the number of personnel, but in the production systems and new technologies, which are involved with environmental integrity. The labor turnover is practically the same from 2004 to 2008, the stability in this sub-variable is linked with the theory, which says that companies with environmental policies might have high employee satisfaction (Orlitzky, 2003). The working capital sales had an improvement from 2004 to 2008 but we cannot assume that the dimension of environmental integrity was present. After analyzing the three sub-variables productivity, labor turnover and working capital/sales, towards environmental integrity, we can conclude that two variables show presence of environmental integrity, mainly in the productivity and as a side effect the labor turnover. The environmental integrity towards internal process will be ranked with 4.

Customer Market performance (6) (Market share, No. of new customers, product return rate)
SCA is well positioned in the market share, especially in the European market. Throughout the years 2004 to 2008, we observe a small increment in the European market share but, on the other
hand, we also observe an important decrement in the United States market. In the variable new
customers SCA signed a contract at the Wembley Stadium in England; this was achieved
because SCA works with high environmental standards (SCA, 2007). Regarding the product
return rate, the dimension of environmental integrity had zero null impact. After analyzing the
sub-variables market share, new customers, and product return rate towards environmental
integrity, we conclude that only in the variable of new customers had the dimension
environmental integrity some presence, although the attraction of one customer is not significant
for SCA. For this reason, customer market performance is ranked with number 6.

**Learning & Development performance (2)** (New products, new markets entered, R&D
Spent/Sales)

SCA has entered new markets in the last five years (2008-2004). Isaksson (2009) commented
this is part of the strategy of SCA. SCA also invests sizable amounts of money in research and
development and, as a result of this, SCA has increased the number of patents of new products
during the last five years. Working with new technologies and focusing upon more friendly
environmental products has had a positive effect in the process of learning and developing in
SCA. According to Orlitzky (2003), sustainable development might influence the creation of
new technologies and capabilities. After revising the sub-variables new products, new markets
entered and R&D/sales, we conclude that environmental integrity had an impact in the creation
of new products and also in the improvement of the ratio of R&D/sales within the last five years.
We did not find any appearance towards the sub-variable new markets entered. For this reason,
learning and development performance will be ranked with number 2.

**Social performance (1)** (Employee satisfaction, social performance of suppliers, community
relationships)

The environmental integrity has an important impact on SCA’s social performance. “SCA is
environmentally responsible as a first person and this is stated in the company culture”
(Respondent A, 2009). Also Respondent A (2009) mention that all the employees within the
company are aware of SCA responsibility towards the environment. According to Orlitzky et al.
(2003) the satisfaction of the employees might be higher in companies that work with high
environmental standards. The code of conduct of SCA is based on environmental principles.
Also SCA is aware of the environmental policies of its suppliers and participants in the value
chain. For the sub-variable social performance of suppliers, SCA makes sure that the suppliers
work with the same standards of sustainability as SCA. According to Issakson (2009), SCA has a
supplier compliance requirement. The relations with the community are implicated with
environmental issues. SCA cooperates with environmental organizations and government offices
(community relationships) towards the environmental integrity. The dimension of environmental
integrity has an important presence in the variables employee satisfaction, social performance of
suppliers and community relationships. Considering that the dimension is very well linked with
three of the sub-variables of social performance, we ranked it as number 1.
Environmental performance (3) (Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)

Environmental integrity has had some effect in the sub-variables of environmental performance. In the sub-variable key materials used, SCA had the same amount in 2004 as in 2008; the difference is that the productivity in 2008 was higher. Considering the variable of energy used, SCA used more energy in 2008 than in 2004. SCA has reduced the amount of emissions, and also reduced the impact of the product damage to the environment. SCA also has implemented new systems to obtain energy from wind power, and has decreased the consumption of fossil fuels by using bio fuel in its processes. After analyzing the variables key materials used, energy use/unit and emissions, effluent and waste towards environmental integrity, we found presence in two out of the three variables. Environmental performance will be ranked with 3 towards environmental integrity.

II) Identifying EP towards OP (See Figure 28)

Financial performance (2) (Sales growth, Return on Sales, Return on Equity)

In SCA, the sales had grown from 2004 to 2008, improving the economic prosperity view for the company. From 2004 to 2008, the sub-variables of return on sales and return on equity have shown stability, considering the global crisis in 2008. The main evidence of the dimension economic prosperity towards the financial performance variables is that SCA applies the dimension of economic prosperity in the forest management. SCAS has increased the standing timber in its forests by 2.6 million tons a year, creating more economic value for its forests (increasing assets). Also, the investment in new technologies, such as wind power plants, has a potential impact in the financial performance by reducing the costs of energy consumption (lower cost production). For this reason, the dimension of economic prosperity towards financial performance will be ranked with number 2.

Internal processes (3) (Productivity, Labor turnover, working capital)

Considering the variable of productivity, SCA has increased the productivity in the past five years from 2004 to 2008. Considering the variables of labor turnover and working capital/sales, the dimension of economic prosperity had no presence. Other factors impacting directly in the internal processes are investing in cleaning plants in order to increase the sustainability of the company; SCA has improved the quality of its products and their efficiency, resulting in more productivity (SCA, 2007, 2008). For this reason, the dimension of economic prosperity towards the internal process is ranked as number 3.

Customer Market performance (4) (Market share, No. of new customers, product return rate)

The sub-variable market share is the only one with evidence of presence of the dimension of economic prosperity. The desire of SCA for obtaining a better economic value towards its shareholders has motivated SCA to obtain a better position in the market share of the products. We did not find evidence that the dimension of economic prosperity had presence in the sub-variable number of new customers and product return rate. Analyzing the appearance of the
dimension of economic prosperity towards the sub-variables market share, new customers and product return rate, the customer market performance is ranked as number 4.

**Learning & Development performance (5)** *(New products, new markets entered, R&D Spent/Sales)*

We did not find evidence of the presence of the dimension of economic prosperity towards the sub-variable of new products. The dimension of economic prosperity has an impact in the variable of entering new markets; SCA has increased considerably the amount of markets in the last 5 years. Also, the sub-variable R&D spent/sales showed presence by the dimension. According to Isaksson (2009), SCA has several investments in research projects in order to improve the quality of the products. Even though we found presence of the dimension towards the variable, other variables showed more presence of the dimension of economic prosperity. For this reason, the dimension of economic prosperity towards learning & development performance is ranked with number 5.

**Social performance (6)** *(Employee satisfaction, social performance of suppliers, community relationships)*

The dimension of economic prosperity had no presence in the variables of employee satisfaction and community relation. Only the variable of social performance of suppliers is linked with economic prosperity. The relation is based on SCA’s last acquisitions, which is part of the economic prosperity strategy within the social performance (supplier performance). The ethical standards of the suppliers and the ethical procedures in the new acquisitions are a challenge for SCA. Regarding that the economic prosperity is linked with one variable out of three, the dimension towards social performance will be ranked as number 6.

**Environmental performance (1)** *(Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)*

The economic prosperity has a direct impact in the three sub-variables of the environmental performance. As Patrik Isaksson (2009) mentioned, SCA is investing in new power generation. It is also investing in new technology to use waste as a fuel. These investments will have a positive effect on environmental performance in SCA. The use of new key materials with better environmental standards is a priority for SCA, and also reducing the consumption of energy is an important issue for SCA. For this reason, the dimension of economic prosperity is ranked with number 1 towards environmental performance.

III) Identifying of SE towards OP (See Figure 28)

**Financial performance (4)** *(Sales growth, Return on Sales, Return on Equity)*

The sub-variables of financial performance show some presence of the dimension social equity. SCA is a public company and the social equity is related to the financial performance by the attraction of new investors. Isaksson (2009) mentioned that SCA is a public company, then a large number of stakeholders are interested in the social performance of the company. For this reason, the dimension social equity is ranked with number 4 towards the financial performance.
Internal processes (3) (Productivity, Labor turnover, working capital)
We found evidence that the sub-variable of productivity and labor turnover show presence from the dimension of social equity. SCA does not have considerable variations in the turnover ratio, which emphasizes the good working environment of the company. Having a good working environment represents a stable working environment in the company and also the improvement in the productivity. For this reason, the dimension social equity and internal processes are ranked with number 3.

Customer Market performance (6) (Market share, No. of new customers, product return rate)
The social equity dimension in SCA does not have a specific appearance on the customer market performance. None of the variables market share, new customers or product return rate, show the presence of the dimension of social equity. The focus is not upon customer market performance, but upon internal learning scopes etc. The dimension of social equity towards customer market performance is ranked as number 6.

Learning & Development performance (1) (New products, new markets entered, R&D Spent/Sales)
The dimension of social equity is very much linked with the sub-variables of new products and new markets. SCA is focused upon entering new markets and developing new products in order to provide the people with better quality of life (Isaksson, 2009). Also, the relation between the social equity dimension and the learning and development performance is fairly clear in the code of conduct of SCA. The code of conduct is spread out in all the work units across the continents, including the new acquisitions, in order to enter new markets under the SCA’s policies. For these reasons, we conclude that social equity is ranked with number 1 towards learning and development performance.

Social performance (2) (Employee satisfaction, social performance of suppliers, community relationships)
The sub-variable of employee satisfaction is linked with social equity, for example, in the creation of a code of conduct in order to deal with the multiple cultures, highlighting the cultural diversity and the equality of opportunities (SCA, 2007). Regarding the social performance of suppliers, SCA would like to work with companies that are aware of the social equity. Also, SCA has worked with several strategies in order to improve the employee satisfaction that has a direct impact in the social equity. There is a relation also by cooperating with the community as represented by government agencies or environmental organizations. After analyzing the dimension of social equity towards the sub-variables of employee satisfaction, social performance of suppliers and community relations, we ranked social performance as number 2.

Environmental performance (5) (Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)
The sub-variables of key materials, energy use/unit and emission effluent, and waste are not direct linked with the dimension of social equity. For this reason, the ranked between the dimension and the variable environmental performance is ranked as number 6.
### 6.2.2 Sveaskog

#### Identifying CSD as a part of Organizational Performance

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<tr>
<td>Social Equity</td>
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<tr>
<td></td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Economical prosperity</td>
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<td>1</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Environmental Integrity</td>
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<td>6</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

**Figure 29.** Sveaskog. Identifying CSD towards organizational performance ranking analysis, adapted source: Figure 5
I) Identifying EI towards OP (See Figure 29)

Financial performance (1) (Sales growth, Return on Sales, Return on Equity)
Sveaskog’s sales have been growing in the last five years, the sales, the return on equity and return on sales. All the sub-variables show a positive growth in the last five years. The bio fuel has increased the amount of sales considerably, and we found a direct relation between the production and consumption of bio fuel and environmental integrity. For this reason, we conclude that the environmental integrity dimension is ranked as number 1 towards financial performance.

Internal processes (6) (Productivity, Labor turnover, working capital)
Out of the three sub-variables of internal processes productivity, labor turnover and working capital/sales, only productivity might be linked with the environmental integrity dimension. The production of bio fuel has increased in order to fulfill the demand of the customers, which is directly linked with environmental integrity. Even though there is a link between the dimension and one of the variables, environmental integrity showed more presence within other variables. The variable of internal processes is ranked as number 6.

Customer Market performance (2) (Market share, No. of new customers, product return rate)
From 2004 to 2008, the sub-variables of market share and the number of new customers show basically the same numbers in the timber market. From 2004 to 2008, the bio fuel market has increased considerably in Europe. The bio fuel is a product strongly linked with environmental integrity. We can conclude that environmental integrity has considerable presence towards the variables of market share and new customers. After this analysis, we ranked environmental integrity/customer market performance as number 2.

Learning & Development performance (4) (New products, new markets entered, R&D Spent/Sales)
The variables new products and new markets entered show presence of the dimension environmental integrity. We consider the creation of eco-parks as new products for Sveaskog. According to Vikman (2009), Sveaskog has entered new markets with the bio fuel. In R and D, Sveaskog has spent less money from 2004 to 2008. Considering these factors, we rank the presence of environmental integrity towards learning and development performance as number 4.

Social performance (5) (Employee satisfaction, social performance of suppliers, community relationships)
The sub-variable of employee satisfaction shows no presence from the dimension of environmental integrity. The variables of social performance of suppliers and community relations are linked with environmental integrity. Sveaskog is in contact with the community in order to create solutions regarding the environment. Also, Sveaskog is aware of its suppliers and the source of their timber and raw materials by using the Forest Stewardship Council. For these reasons, environmental integrity is ranked with social performance as number 5.
**Environmental performance (3) (Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)**

Sveaskog has reduced the consumption of energy in the last five years. From 2004 to 2008, Sveaskog has reduced the consumption of timber and increased the amount of sales. There is evidence of a direct link between the environmental integrity and environmental performance in Sveaskog. Sveaskog is constantly trying to improve the environmental performance (Vikman, 2009). The presence of the dimension of environmental integrity towards the environmental performance will be ranked with number 3.

**II) Identifying EP towards OP (See Figure 29)**

**Financial performance (3) (Sales growth, Return on Sales, Return on Equity)**
The sub-variable of sales growth had slowly improved in the last five years. The return on sales has improved considerably, which is evidence of the link with the economical prosperity dimension. Sveaskog has invested in new technologies, such as the bio fuel production. Nowadays, the market of bio fuel is increasing rapidly. The sales of bio fuel increased considerably, improving the financial performance of the company in general. From 2004 to 2008, the return on equity was stable with no major changes. After analyzing the three variables, we considered that the dimension economic prosperity is ranked as number 3 towards the financial performance.

**Internal processes (1) (Productivity, Labor turnover, working capital)**
The variable of productivity of timber has decreased in the last five years. The productivity of bio fuel has increased considerably. The labor turnover has improved slowly in the last four years. Also, the working capital/sales have improved in the last five years. The improvement in these three variables is directly linked with the presence of the dimension of economic prosperity. Internal processes will be ranked as number 1.

**Customer Market performance (5) (Market share, No. of new customers, product return rate)**
The market share has increased slowly. The number of new customers has increased by the production of bio fuel (economic prosperity). The product return rate has no presence of the dimension economic prosperity. Economic prosperity will be ranked as number 5 towards customer market performance.

**Learning & Development performance (4) (New products, new markets entered, R&D Spent/Sales)**

Regarding the sub-variable new products, Sveaskog has created new eco-parks which show the presence of the economic prosperity. Regarding the variable R&D/sales, Sveaskog has invested in new technologies in order to maximize the efficiency by converting the branches (waste) into new revenues (bio fuel) (Vikman, 2009). Sveaskog leased land for studies in order to improve the forestry process and to develop new technologies. We will rank learning and development performance with number 4.
Social performance (6) (Employee satisfaction, social performance of suppliers, community relationships)
Only the variable of community relationships shows presence from the dimension of economic prosperity. Sveaskog is trying to work with the community in order to be more sustainable and create economic value for the community (Vikman, 2009). Sveaskog is trying to involve the employees with the company’s targets by the application of surveys and training (Vikman, 2009). The presence of economic prosperity towards social performance is low. Social performance will be ranked with number 6.

Environmental performance (2) (Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)
Considering the sub-variable of key materials, the production and consumption of biofuel is increasing, generating sales for Sveaskog. Also, the biofuel is a renewable energy source which contributes to the conservation of the environment. The investments in new sources of energy will contribute reducing the costs of transportation and forest activities. There is evidence of the presence of the dimension economic integrity towards environmental performance. Sveaskog has reduced the emissions from 2004 to 2008. Considering these factors, environmental performance will be ranked with number 2.

III) Identifying SE towards OP (See Figure 29)

Financial performance (4) (Sales growth, Return on Sales, Return on Equity)
One of Sveaskog’s main activities is selling land to private owners. Sveaskog owns a big part of the Swedish forest. This is related to social activities such as people practicing outdoor activities. Several customers are willing to buy property in Sveaskog’s land. The main customers are the reindeer industry, and customers depending on good quality of timber. This is evidence that social equity has presence in the financial performance. The variables of return on equity and return on sales are not really affected by the dimension of social equity. Financial performance is rated as number 4.

Internal processes (5) (Productivity, Labor turnover, working capital)
The sub-variable of productivity does not show presence of this dimension. The production of timber has decreased, primarily because of the economic environment in the last year. The labor turnover is stable, which might imply a good environment for work. The relation between social equity and internal processes is ranked as number 5.

Customer Market performance (3) (Market share, No. of new customers, product return rate)
The sub-variable market share has not changed from 2004 to 2008. The sub-variable of new customer has changed. This is because the new stakeholders (customers) are willing to buy land from Sveaskog. Sveaskog has made an effort in selling land to private owners (Sveakog, 2007). For this reason, the link between social equity and customer market performance will be number 3.
Learning & Development performance (1) (New products, new markets entered, R&D Spent/Sales)
Sveaskog has community dialogue in order to improve their activities towards the forest. The eco-parks are an example of the link between the learning and development and the social equity. One of the objectives for the creation of the eco-parks is the improvement of quality of life of the communities. Evidence for this can be seen in the investment in new technologies in silviculture and biotechnology (Vikman, 2009). We can observe the presence of the dimension social equity towards learning and development performance.

Social performance (2) (Employee satisfaction, social performance of suppliers, community relationships)
Sveaskog is interested in the satisfaction of its employees (Vikman, 2009). Sveaskog applies the VIS program. The VIS program is an internal survey to measure employees’ satisfaction. The last results (2007) showed a small decrease in the satisfaction of the employees. In the variable of social performance of suppliers, Sveaskog is aware of its suppliers and the value chain. Also, the community relations are close in order to work together with the community. The presence of the dimension of social equity and social performance of Sveaskog is ranked as number 2.

Environmental performance (6) (Key materials use/unit, Energy use/unit, Emissions, effluent and Waste)
The sub-variables of environmental performance as energy use, key materials and emissions show no presence of the dimension social equity. For this reason, environmental performance will be ranked as number 6.
6.3 Comparable analysis SCA & Sveaskog

Identifying Corporate Sustainable Development as a part of Organizational Performance

<table>
<thead>
<tr>
<th>Focus Per CSD Dimension In %</th>
<th>Financial Performance</th>
<th>Internal Processes</th>
<th>Customer Market Performance</th>
<th>Learning &amp; Development performance</th>
<th>Social Performance</th>
<th>Environmental Performance</th>
</tr>
</thead>
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<tr>
<td>Environmental Integrity</td>
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<td>1</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Economical prosperity</td>
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<td>Social Equity</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>5</td>
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Figure 30. SCA (left) and Sveaskog (right). focus per dimension on CSD and the identification of CSD and organizational performance, adapted source: Figure 22, Figure 25, Figure 28 y Figure 29.
6.3.1 Focus of CSD per dimension
According to figure 30, SCA shows a focus of 80% on environmental integrity, 100% on economical prosperity and 67% on social equity. This means that the CSD primarily focuses majorly focus on economic prosperity. This matches with Isaksson (2009), who mentioned that all the investments on environmental issues are related with economic benefits in the future. SCA has, as second place, environmental integrity. As mentioned on sustainability reports and annual reports, SCA has an important focus on environmental issues. The dimension of social equity is in third place. We can conclude that the CSD on SCA has more focus on economic and environmental issues than on social issues.

Nevertheless, with this data we can say that there is a potential choice in level of focus on one of the three dimensions. Having a focus or dimension highlighted in the company’s website (as, for example, SCA has a primary focus on the environment) does not mean that this matches with the scale in CSD dimensions.

Sveaskog shows a focus of 90% on environmental integrity, 67% on economic prosperity and 67% on social equity. We can clearly see that Sveaskog’s CSD is primarily focused on environmental issues.

Comparing both companies, we can say that SCA is more focused on manufacturing and offering personal care products. Sveaskog’s primary activity is the management of the forest. Looking at these core activities of each company, we can assume that the focus, per dimension, might differ. SCA has the economic prosperity as the main dimension, and for Sveaskog environmental integrity.

6.3.2 Identifying CSD as a part of Organizational performance
When we compare the focus in ranking (1 being nr.1 in presence as nr.6 being the least presence), we can see that SCA matches the three dimensions as follows:

Environmental integrity is mostly shown in social performance. The employees and communities are very involved in the environmental issues within SCA. The second place is occupied by environmental performance. The focus on environmental integrity has shown an impact within the environmental performance of SCA. The third place is internal process. The new technologies on environmental issues have improved the processes and productivity. The last place is occupied by customer market performance. We did not find much presence of environmental integrity on this variable. The variable of financial performance is the fifth place. This means that the focus on environmental issues does not have a presence on the financial performance.

The dimension economic prosperity is very interesting in SCA. The variable environmental performance is ranked as number one. Having a focus on creating wealth has a presence on environmental issues. In the other hand, we just saw in the dimension environmental integrity that the focusing on environmental integrity does not have much impact on financial performance.
performance. The second place is for financial performance. The new investments and the forest management have improved the financial performance. The third place is for internal process, which means that the dimension economic prosperity has a presence on the variable internal process. The last place is for the variable learning and development performance.

On the dimension social equity, the first place is the variable learning and development performance. We found social equity on the variable by entering new markets, the investments on research and development and training for the personnel. The second place is for the variable social performance. The creation of the multi-cultural code of conduct and the responsibility of the suppliers showed an impact on the social performance of the company. The third place is for the variable internal process.

If we look at the results of the follow up case, Sveaskog, we can observe:

The dimension environmental integrity has a strong presence in the variable financial performance. We have found that the growth on sales is strongly influenced by the dimension environmental integrity. The second ranked is customer market performance. The third ranked is environmental performance.

The dimension environmental integrity shows different level of presence in both cases towards the variable of organizational performance.

The dimension economic prosperity show more presence in both cases on the variables financial performance, internal process and environmental performance. Those variables are placed in the first, second and third position.

The dimension social equity shows more presence in the variables learning and development performance and social performance as place number one and two respectively in both cases.
7. Discussion & Conclusion

7.1 Conclusion
The main purpose of our research is: test a combination of tools and theory to identify corporate sustainable development as part of organizational performance.

Whilst analyzing the case companies, and determining the focus on every dimension, we found specific relations between OP variables and CSD dimensions. However, we can also conclude that, when performing the second case analysis (Sveaskog), the results of the measures found were not always similar and there were even very large differences in focus per dimension. For a better understanding of the usage of the tools, a larger sample of case studies could be adopted to exclude any inconstancies found between the two cases we have studied.

We can conclude that the measurements used for organizational performance can be used in order to pinpoint the range of aspects in which CSD is being used within the company, and to what extent the company has decided to relate CSD with OP. Nevertheless, we can see (within the scope of our research) that there is no generalization possible in steady relations per measurement.

We have found that economic prosperity has a strong presence (in both cases) within the environmental performance, just as social equity showed within learning and development performance, and social equity has a strong link with social performance.

An overall conclusion on the usability of the measurement tool leans towards positive, for practical usage. However, before using this combination of tools, more research is necessary, especially in the area of multiple case studies. Due to time restrictions, we could compare two case companies, whilst more cases could enhance the general application and usability of these tools.

By using the tool as a research tool for an individual case study, more information can be put together in order to find linkages between dimensions, which were less clear without the tool, as mentioned above, especially in grasping corporate sustainable development as part of operational performance.

7.2 Discussion
The final results in measuring dimensions in OP and CSD, and the impossibility of generalizing these relations with a two-case study, can be a point of discussion. This outcome does contribute towards the already existing research, showing to what extent all three dimensions can be found in bigger organizations and combining two theoretical models together, to get to the identification and the ranking of the level of presence rather than mere identification of variables and the existence of CSD. It also contributes by creating a simplified practical tool for a single case study upon a company.

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Nsvarrete 2009
The research is based upon a period of 5 years (2004-2008). This might affect the identification of the dimensions of CSD, and the variables of OP, in order that some effects of SD might take a longer period to appear and to be identified. However, due to the long-term existence of both companies, the sample still has been very interesting to research. Also, Montiel (2003) has shown the very big diversity and change in CSD over time.

Both companies are leaders in the industry, which implies a very long experience curve and resources to cope with environmental, social issues and economic aspects, and this aspect might influence the organizational performance.

Having focused our research exclusively upon the FPP industry, the research is less applicable to other industries. Due to the fact that the FPP industry is involved with extracting raw materials directly from the forest, and the company’s interest in CSD, this industry might be more aware of CSD than companies in other industries to the extent that CSD might have a different relation towards OP in the FPP industry than in other industries.

We feel the purpose of this study has been fulfilled. We were able to identify the dimensions of CSD as a part of OP in two cases in the FPP industry, and draw conclusions out of them.

7.3 Further Research
Due to the time limitation, and the notion in our discussion of having chosen to limit ourselves to a 5-year empirical data collection, a similar study can be done, but with a longitudinal focus, in order to identify any changes and differences within the relation of CSD and OP.

Our research found that there are not easily separable boundaries between the three dimensions, and the OP variables. However, one could investigate what the scope of influence of each variable is in more depth, by doing a more in-depth study towards the specific relation of each variable.

Thirdly, the scope of CSD, and the impact on strategic decision-making, came to the surface when doing a qualitative interview. A study on the impact per dimension in strategic decisions, made with a quantitative approach, could be of interest to further develop the outcomes of our research.

The type of relation within the variables: causality or correlation.

Finally, we can say that there is a hidden factor for future research in order to identify the reason of why, in one case, some dimensions of CSD have an impact in some variables of OP and why, in the other case, this impact differs.
8. References


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Identifying Corporate Sustainable Development as a part of Organizational Performance, D.F. Mulder & C. Ramirez Nsvarrete 2009


Sveaskog at glance (2009) Companies information at a glance, perceived from the corporate website on 05-05-2009 direct link:
http://www.sveaskog.se/Documents/Om%20Sveaskog/V%C3%A5r%20verksamhet/Sveaskog%20at%20a%20glance.pdf


9. Appendices

9.2 Interview Guide
Semi Structured Interview in CSD.

Introduction

Our names are Dewy F. Mulder (The Netherlands) and Carlos Ramirez (Mexico). We are studying a Master of Science in Strategic Management and Leadership at Halmstad University in Sweden. And doing research on the effect of corporate sustainable development on operational performance.

The research sample contains the 100 biggest global companies within the Forestry, Packaging and Paper industry according to the PricewaterhouseCoopers survey in 2008. Your company is listed on this survey.

The purpose of our research is to (1) identify the relation between corporate sustainable development and the performance of a company and (2) measure the influence.

- Corporate Sustainable Development (CSD) is divided in three dimensions, defined as “the simultaneous adoption of environmental (Environmental integrity), economic (economic prosperity), and equity principles (Social equity):
  1. Environmental (Energy solutions, waste, recycling, co- emissions)
  2. Social (Trainings, employee satisfaction, customer satisfaction)
  3. Economical (strategy, production processes, R&D)

- Performance is defined as Organizational Performance, which outlines any measurement, intangible and tangible. And for the purpose of our study, measurements highly related to (CSD) performance are split up into 6 sectors:
  1. Financial performance
  2. Internal Processes (e.g. labor turnover, productivity)
  3. Customer/Market Performance (e.g. Market share, nr. Of new customers)
  4. Learning & Development (e.g. Nr. Of new products, R&D spend/sales)
  5. Social Performance (e.g. philanthropic investments, employee satisfaction)
  6. Environmental Performance (e.g. Key material use / unit, Emission)

The main purpose for this interview is, to (1) identify Corporate Sustainable Development according to the three dimensions, and to (2) define organizational performance in your company and (3) describe the relation between organizational performance and CSD investments.

Of which the latest is the most important one for analysis and conclusion in the report. Personal interviews and insights are needed, to understand ratings and opinions in depth.
Interviewees connection to CSD

1. Could you please explain your function within the company?
   
   a. Could you elaborate on the connection of your function with:
      
      i. Environmental issues
      ii. Economical issues
      iii. Societal Issues

2. Is there anything you feel that is needed to be said upfront? Could you explain why?

Identification Of Corporate Sustainable Development.

1. Do you have products that have a less environmentally harmful impact than in previous years or than its competitors? If not, and compared with your own products in the past? Can you give cases/examples in which you justify this?

2. Could you give an example of inputs from sources that are remediated or replenished? E.g. recycled material you use for production. Could you elaborate on them?
   
   a. Are there any necessary resources you need to use (e.g. cutting down trees)?
   b. What are your standpoints on recycling?

3. What measures do you exercise to reduce environmental impacts of production processes or eliminated environmentally damaging processes?
   
   a. If so, could you explain them?

4. Could you name eliminated or reduced operations in environmentally sensitive locations over the last 10 years? Could you elaborate on the reasoning behind some of them?

5. Did your company attempted to reduce the likelihood of environmental accidents through process improvements the last period? Could you give us some examples? Could you elaborate on them?

6. Is there any proof in your company that there are measures to reduced waste by for example streamlining processes? What are the measurements to see if they do? Could you provide us with this information?

7. Do you use used waste as inputs for own processes (e.g. recycling?) Are there any examples to give? Could you elaborate on them?
8. In follow up with the previous question, could you explain how you dispose waste? Do you believe this waste disposal is responsible or could be improved? Could you explain in what way it could be improved? Is waste disposal a specific subject on your environmental issue report?

9. How do you handle toxic waste? Are there any measurements you take in account? Is there evident improvement in toxic waste storage?

Social Equity

10. How do you see the importance of the interests of stakeholders in investment decisions? Could you explain how you take them in account or not?

11. How do you communicate your impact on environmental impact and risks to the public? Could you give an insight in what the actions taken are?

12. How did you improve the employee health and safety the past period? Is there a significant difference with the health and safety record before? Could you elaborate on that?

13. How did you claims and rights of local community (aboriginal people)? Do you have any hazard within this area? Is there a program and help for the community department within your organization? If yes, could you give us some case examples us or elaborate in this?

14. How do you perceive the visual aspects of the firm’s facilities and operations? Is this of any concern for you?

15. Are these measures taken in terms of communities concern?

16. Do you fund local community initiatives? Could you give us an example of any funding the past period? Is there an upward or downward trend in funding? What is the reason behind it? Elaborate on it please.
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Nsvarrete 2009

17. Are you investing in new technologies that could be profitably applied to other areas of the business?

18. Do you share technology or not? Elaborate on it. Do you have any examples?

19. Do you believe in selling of waste products for revenue? Has it already been a profitable issue? Will it be (or better) in the future? Could you show is into what extent?

20. Has there been a differentiation in the process or product based on the marketing efforts of the process/product’s environmental performance? Could you give examples or explain why not?

21. Did you reduced costs for waste management for same level of outputs the last period? Is there any information you can show us or give some examples due to your experiences?

22. Did you reduced costs of inputs for same level of outputs the past years? Could you elaborate on this with personal experiences issues or case examples?

23. Could you mention at least one time where you worked with government officials to protect the company’s interests? If there are several times, could you shortly summarize?

24. The three dimensions were identified through the questions we asked you previously. Is there any extra and specific information you feel is necessary to add to the information you have given above?

Identification of Organizational Performance and measurements

We will proceed by identifying OP in accordance with CSD in the company. The six dimensions are put into a sustainability chart. Many of the figures can be adopted from secondary sources. However, ranking and opinions about these six dimensions are there to provide an in depth sight and better understanding of the values norms and beliefs of you and your company.

Table 4 Sustainability Balance Score Card on Operational Performance

<table>
<thead>
<tr>
<th></th>
<th>Financial Performance</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Present</td>
</tr>
<tr>
<td>Sales growth %</td>
<td></td>
</tr>
<tr>
<td>Return on Sales (ROS) %</td>
<td></td>
</tr>
<tr>
<td>Return on equity (ROE) %</td>
<td></td>
</tr>
<tr>
<td>Return on assets (ROA) %</td>
<td></td>
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</tbody>
</table>

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Nsvarrete 2009
25. Can you give examples on personal experienced cases in which growth or depreciation with a relation to corporate sustainable development occurred in the company?

### Internal Processes

<table>
<thead>
<tr>
<th>Internal Processes</th>
<th>Present</th>
<th>Past</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor turnover %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average unit production (Days)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working capital/sales (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity utilization (%)</td>
<td></td>
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</tr>
</tbody>
</table>

Table 6 SBSC Internal Processes Case Company X. will be filled before doing the interview by conducting secondary data analysis.

26. Do you believe the production increased or decreased in the last five years in your opinion? Could you give examples?

27. Did you experience any important changes in the structure of the organization? Which?

28. Is production thriving, or could it be better? What is the reason for that?

### Customer/Market Performances

<table>
<thead>
<tr>
<th>Customer/Market Performances</th>
<th>Present</th>
<th>Past</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of new customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product return rate (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defects (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order cycle time (Days)</td>
<td></td>
<td></td>
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</tbody>
</table>

Table 7 SBSC Customer/market performance Case Company X. will be filled before doing the interview by conducting secondary data analysis.

29. Has the company grown and expanded to other markets or focused their markets? Are there any specific reasons for this?
30. Has the company increased in number of customers? If so, why do you think is the main reason for this?

31. How important do you think reputation is in your company? Could you elaborate on that?

earning & Development Performance

<table>
<thead>
<tr>
<th><strong>LEARNING &amp; DEVELOPMENT PERFORMANCE</strong></th>
<th>Present</th>
<th>Past</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Products (No.of)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Markets entered (No. of)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D spend/sales (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training spend/sales (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest/total assets (%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8 SBSC Learning & Development performance Case Company X. will be filled before doing the interview by conducting secondary data analysis.

32. Has the company developed new products in the last five years? Can you give examples and elaborate on them?

33. Has the company entered new markets in the last years? How many and why?

34. How do you rate the importance of training and R&D in your company (scaling 1(bad) to 5(very good))? Could you give a trend in the training focus of your company?

ocial Performance (Scaling 1 (very bad) to 5 (very good))

<table>
<thead>
<tr>
<th><strong>SOCIAL PERFORMANCE (SCALED)</strong></th>
<th>Present</th>
<th>Past</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social performance of suppliers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philanthropic: investments/revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry specific: e.g. community open days</td>
<td></td>
<td></td>
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</tbody>
</table>

Table 9 SBSC Social performance Case Company X. will be filled before doing the interview by conducting secondary data analysis.

35. How would you rate (1-5) the employee satisfaction in the company the past years. Are there many differences? If it does, what would be the reason?
36. Do you have the same suppliers as five years ago (rate 1-5)? If you have changed, what was the reason for it?

37. How do you perceive the relation between the company and the community (rate 1-5)?

38. Does the company sponsor any philanthropic investments (rate 1-5)? Give examples.

39. Is the any activity in specific where the company is involved with the community such as Community open days? Could you give a description?

**Environmental Performance**

<table>
<thead>
<tr>
<th>Environmental Performance</th>
<th>Present</th>
<th>Past</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key material use/unit KG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy use/unit kWh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water use/unit Liter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions, effluent &amp; waste/unit or as a % of total resources used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry Specific: e.g. emissions T</td>
<td></td>
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</table>

Table 10 SBSC Environmental Performance of Case Company X. will be filled before doing the interview by conducting secondary data analysis.

40. Have you changed any process linked with consuming energy? Could you explain what changes or what the future will bring?

41. Have you changed any process linked with consuming water? Could you explain what changes here too?

**FINAL QUESTION:**

*is there anything to add, after reviewing the questions concerning the relation between performance and sustainable development?*

**Ethical consideration:**

Into what extent is the usage of your name and the name of our company allowed in this research? No names will be used for ethical assumptions and only mere for scientific research. A copy of the research can be send to you digitally, and a request for publishing will be send to every participant in advance, in case of any publication...