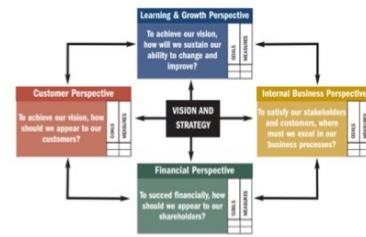


3.2.1 Sustainability Balance Scorecard

- **Aim**

A Sustainability Balanced Scorecard (SBS) aims to fulfil the central requirement of the sustainability concept, so that the businesses performance in economic, ecological, and social terms can be permanently improved. SBS is actually an extension of the balanced scorecard, which makes it possible to take into account strategic success factors that have a significant impact on the economic thriving of the business, not defined by financial parameters. Thus, the balanced scorecard creates a great starting point to the incorporation of the environmental and social aspects into the management system of a business, which has evolved into the SBS.



- **Description**

SBS is a strong tool for an integrated and value-based sustainability management of a company. This scorecard is built upon three pillars:

- **Environmental:** herein, the environmental aspects are important. Think of making eco-friendly products, climate change and fighting pollution.
- **Social:** social impact can vary from providing a safe working environment to programs focused on ecology awareness.
- **Economic:** of course, the economic factor, should not be forgotten here. Aspects such as cost saving, which results in reducing the carbon footprint, are very much of relevance here.

Figure 11 illustrates an example of the SBS:

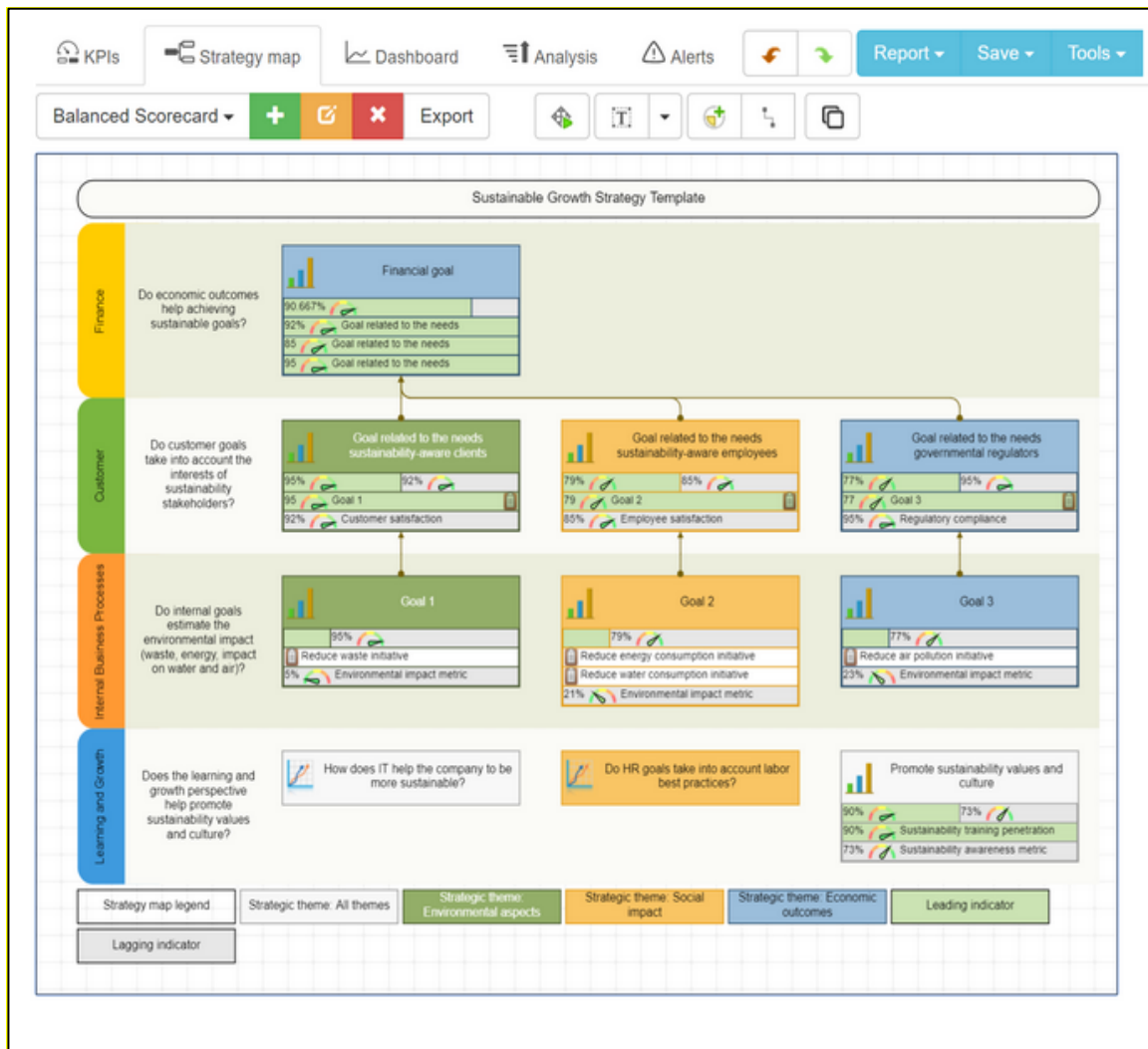


Figure 11: SBS Example

- **Key Features**

There are four key features of the Sustainability Balanced Scorecard, such as:

- **Structure:** There are three possible structures, which an SBS can have e.g., hierarchical, semi-hierarchical, and non-hierarchical (network).
 - Hierarchical structure is a structure based on the ultimate profit-driven objective, meaning the financial perspective.
 - Semi-hierarchical structure has the direct cause-effect links pointing upwards to the financial perspective, which allow other objectives stand for their own and not necessarily as a cause for ultimate financial goals.
 - Non-hierarchical structure is there when perspectives in a network configuration where all aspects of the scorecard are closely interconnected.
- **Value System:** This is dependent on the structure presented above. For example: semi-hierarchical SBS structures are more related to the

social/political approach as they allow to balance the conflicting interests of different stakeholders.

- **Orientation:** A detail-to-general orientation as opposed to a general-to-detail one.
- **Confinement:** SBS can be seen as an extension from the original balanced scorecard, which may provide less flexibility in approach.

- **Benefits**

SBS – an extension to the conventional balance scorecard – is a management tool that supports the successful implementation of corporate strategies. Figure 10 illustrates other benefits of using the SBS are:

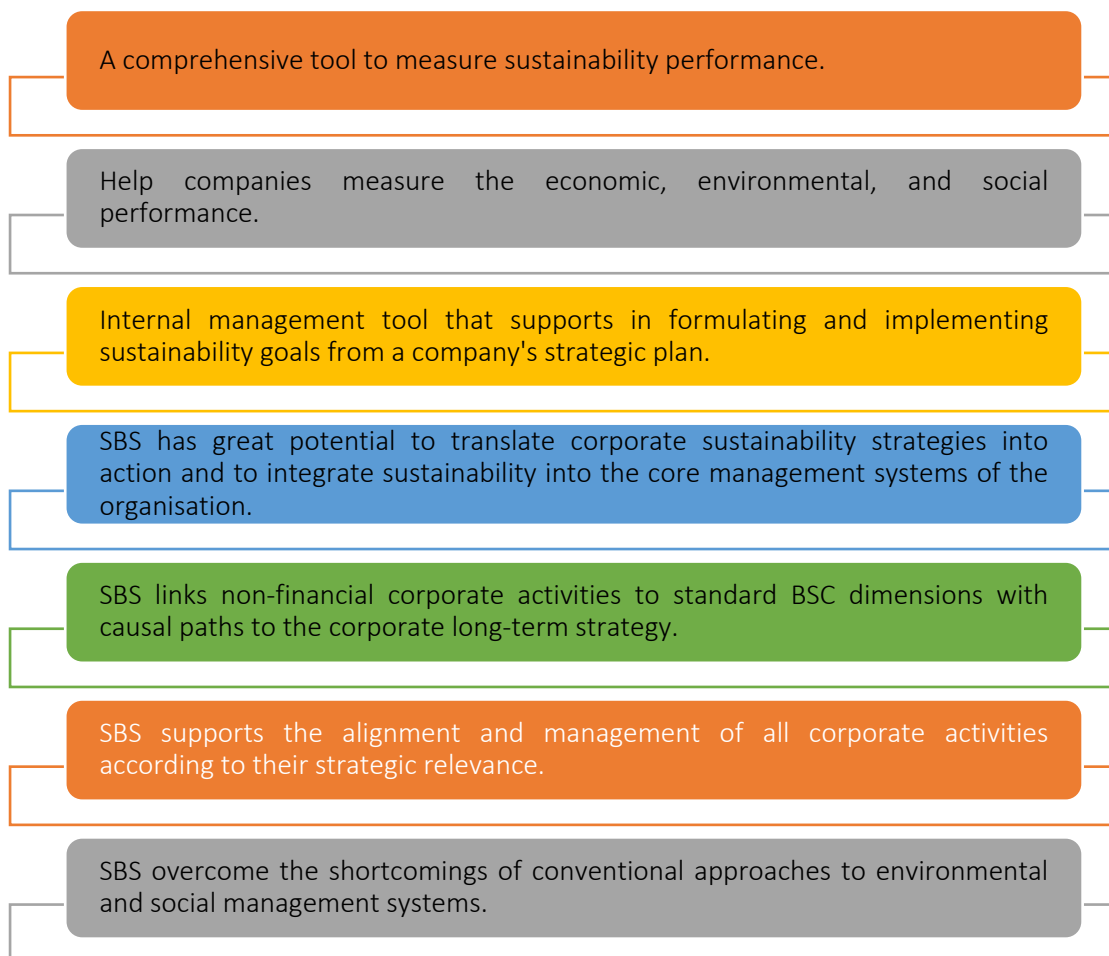


Figure 12: SBS Benefits

- **Implementation**

- **Describe the Purpose/Problem Definition**
 - **General Overview:** Sustainability is a wide-ranging policy phenomenon in the global public/private discourse and is frequently related to three dimensions e.g., environmental, economic, and social. On the other hand, a sustainable business, or a green business, is an enterprise that puts negligible adverse impact or potentially a positive effect on the

global or local environment, community, society, or economy. When starting a new business, it is important to pay close attention to sustainability as well, even if it does not concern a social business. SBS is a great tool to get a clear overview and goals to contribute to the environmental and social wellbeing.

- **Classroom Activity:** Prepare a short presentation with an introduction of the SBS. The information and an example can be used from the content provided above. HE teachers need to ensure their students understand the aims and the features of the SBS well.

- **Implement the Tool (Gathering your Actions)**

- **General Overview:** Now the students are quite familiar with the overall information on the SBS, thus HE teachers can practice with them by making fictional ones. For this, HE teachers will need instructions provided below, pieces of paper and pens.
- **Classroom Activity:** First of all, let the students decide on which enterprise they would like to “start” for this activity and the nature of the strategically relevant environmental and social aspects regarding this business. After comes the process of constructing an SBS. First of all, formulating the SBS has to meet a number of basic requirements:
 - The process must lead to value-based management of social and environmental aspects.
 - Environmental and social aspects must be integrated with the overall management system in a company.
 - SBS must not be generic, but business-unit specific.
 - Social and environmental aspects of a business must be integrated according to their strategic relevance.

After considering these requirements, the formulation of a SBS can be done by these three major steps:

- The strategic business unit has to be chosen.
- Identification of the social and environmental aspects. Determining the relevance of social and environmental aspects for the chosen business unit’s strategy.

- **Collect Data after Tool Implementation**

- **General Overview:** From an organisational viewpoint, once the management implements SBS practices, they can consider evaluating each department’s positioning, resulting in collecting data (either via survey, focus groups, or interviews) to understand the outcomes of implementing SBS.
- **Classroom Activity:** Once all the groups in the classroom have presented their findings related to their chosen organisation, the teacher can collate the main points presented by each group, either by creating a self-constructed questionnaire or merely extract main points from their presentation of the tool.

- **Analyse the Data and Reflect on the Outcome**

- **General Overview:** Once data is collected, management will need to re-evaluate the overall organisational environment i.e., reflecting on and understanding the implications of impact of SBS tool on environmental (planet/sustainability/eco-friendly products), social (safe working environment and well-being), and economic (cost savings) dimension.
- **Classroom Activity:** After collating main points from the group presentations, it is up to the teacher to either provide feedback to each group after they have presented, or let all the groups to present, collate the mains points and then provide to each group in the end. In either way, the teacher will need to provide feedback on how the students performed in the activity. In this last part of the activity, the teacher and students can have a debate. Depending on the number of groups developed in the first stage, the teacher can choose to put some groups on one side to discuss on the positives of SBS, whereas other groups can debate on the negatives. Each group can try to sway the opposing side to their point of view. The whole purpose of this group-based activity is to help understand and realise the overall value of SBS, reasons why organisations choose to implement SBS practices, and it is implemented by organisational management.

- **Examples of Organisations using SBS**

The organisations that would use SBS could be any organisations, which would like to set their focus on the sustainable side of their business. As sustainability becomes a hot topic more and more, there is a growing number of organisations that are implementing relevant measures in their businesses. This concerns small (social) enterprises, but also large companies, known to the most of us. Here are some real-life examples of big corporate giants:



<p>Dtex Solutions has its own production and design department in Pakistan, so the organisation has little direct external stakeholders such as suppliers. The organisation-specific core of the SBS Framework shows that Dtex Solutions is very busy with their sustainability strategy (Boerrigter, 2015).</p>	
<p>Tiszai Vegyi Kombinat (TVK) is one of the largest chemical companies in Hungary, had been using the traditional Balance Scorecard for over six years. However, over recent times, TVK has been committed to sustainable development and business excellence (Fülöp et al., 2014).</p>	

Table 6: Examples of Organisations using SBS

- **Additional Examples on the Use of SBS Tool**

Following are specific resources to understand SBS in a classroom setting in more detail e.g., relevant articles.

- Articles:
 - Corporate social responsibility and sustainability balanced scorecard: The case study of family-owned hotels – [Link](#)
 - Sustainability Balanced Scorecards and their Architectures: Irrelevant or Misunderstood? – [Link](#)
 - A Standalone Sustainability Balanced Scorecard – [Link](#)

- ***Links to General Learning Resources***

Following are general resources to understand SBS in more detail e.g., links to YouTube video clips.

- YouTube Videos and other web sources:
 - Sustainability Balanced Scorecard (SBSC) and KPI – [Link](#)
 - Balanced Scorecard Fundamentals – [Link](#)
 - Example of Sustainability Balanced Scorecard with KPIs – [Link](#)