

## INTEGRATION OF SUSTAINABLE DEVELOPMENT PRINCIPLES INTO THE BALANCED SCORECARD

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**Abstract.** Paper presents summary of possibilities for integrating sustainable development principles into the balanced scorecard. Principles of sustainable development in Lithuania and benefits stemming from sustainable development for organizations are discussed, process of transforming organization into a sustainable one is analyzed, integration of sustainable development strategies into the balanced scorecard is summarized, and related issues are explored. Transformation of balanced scorecard into the balanced scorecard of sustainable development is suggested to include and introduce two additional indices, namely perspectives of society and employee satisfaction, indicating an additional focus on dealing with social issues both within the organization and in its external environment where organization operates. The research was based on the case of Telecommunication Company to determine the main strategic goals between balanced scorecard of sustainable development model elements.

**JEL Classification:** L1, Q56

**Keywords:** organizational strategy, principles and strategies of sustainable development, balanced scorecard performance measurement.

**Reikšminiai žodžiai:** organizacijos strategija, darnios plėtros principai ir strategijos, subalansuotų rodiklių pokyčių matavimai.

### 1. Introduction

The human race uses natural resources and facilities much faster than natural processes are capable of restoring them. Global economies continue depleting natural resources without paying the actual price for waste and pollution management. Simultaneously, the social and economic gap between the rich and the poor is continuously increasing, while health and poverty problems become more and more severe in our entire planet. During the recent few decades, given global problems lead to significant increase in concern by the scientific and academic society about the sustainable development and different implementation strategies thereof.

Implementation of strategies of the sustainable development might take place on several different levels: within various companies on an individual basis, in non-profit organizations, local governments, and entire states as well as globally, while involving signing of different agreements such as *Johannesburg Declaration* on Sustainable Development, the Kyoto Protocol, etc. It's obvious that it will take quite a while for the principles of sustainable development to be included in regulations but more than that to creep in daily routines of every organization. However, an extremely rapid change of ecosystem on the Earth, associated with the increasing use of global resources, leaves us with insufficient time for the gradual adaptation of our living and operation. Such a situation requires for marked and major solutions on political, organizational and personal level. Implementation of SA 8000, ISO 14000 standards in organizations represents only minor steps that gradually bring organizations closer to principles and ideology of the sustainable development. However, majority of organizations face different problems that prevent them from achieving sustainable development. First and foremost it is the lack of the systemized information. What to start from in order to become a sustainable organization? This paper does not specifically suggest how organizations should behave in particular. Instead, this paper offers generalized information on how principles of the sustainable management should be integrated into the general strategy of an organization. Development of the strategy is, indeed, a challenging and demanding process that requires for extensive analysis of environment history, setting logical and fact-based goals, and formulating specific and measurable tasks. A Balanced Scorecard represents one of the commonly used methods for strategy formulation (Dyllick Hockerts 2002; Čiegis 2004; Hoffman 1997; Epstein, Wisner, 2001). Balanced scorecard is a system and a tool for efficient use of resources available for the organization while enabling to avoid majority of potential problems. This system is one of the most advanced management techniques for clear definition and communication of strategy and resources of the company as well as directing personnel efforts towards its implementation. It is also a system for performance measurement that allows to measure company performance at any moment of time and to verify if everything that must be done is done, and if it is done properly.

In this respect, *the problem analyzed* by this paper is an insufficient integration of sustainable management principles into the organization strategy that results in a limited implementation of strategies of sustainable development.

*The subject of research:* a model of balanced scorecard performance measurement within the context of planning and implementing strategies of sustainable management in organizations.

*Research Methodology:* logical, systematic analysis of scientific papers, situational analysis based on the comparison and generalization techniques.

## **2. Benefits of sustainable management principles for organizations**

A sustainable development is defined by different authors (Bieker, Gminder, 2001; Dyllick, Hockerts, 2002) as a development that satisfies needs of contemporary

times without posing any threat for the ability of future generations to satisfy theirs. Sustainable economic development can be characterised as a strategy that ensures satisfaction of current needs of companies and all the stakeholders as well as preservation of human and natural resources for future generations. (Čiegis, 2004). Staniškis, Staniškienė, Jasch (2005) goes further to expand definition of the sustainable management and suggest that “for any company, a sustainable development implies an implementation of business strategies and actions that currently satisfy needs of the company and its stakeholders while simultaneously protecting and enhancing human and natural resources that will be needed in the future.”

The sustainable management strategy in Lithuania and means for its implementation are based on principles of involvement, leadership, subsidiarity, equal possibilities, coherence, flexibility, responsibility, pay-off, availability, precaution, ecological, replacement, scientific, knowledge and technological advance.

Achievement of companies' sustainable development implies that organizations have to take into consideration the impact they all make on the environment and report on that in such a manner that is consistent, transparent and understandable for all the stakeholders. Organizations have to be capable of understanding what effect is made by their environmental policies on their ordinary environments (Sidiropoulos et al., 2004). Consequently, when examining implementation of sustainable management concept on a micro-level of organizations, it makes sense introducing another principle of sustainable economic development, namely a *principle of profitability*. Organizations have to ultimately understand that business and environment have to contribute to each other but not to have a limiting or impeding effect; that it is profitable for the organizations to take part in a sustainable development.

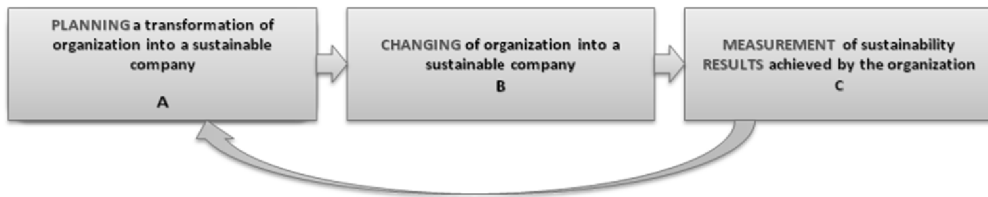
Implementation of sustainable development principles in operation of industrial and service organizations becomes more and more important factor for increasing their competitiveness. On the other hand, sustainable development opens new business opportunities for suppliers of ecological products, developers of environmentally-friendly materials and processes, organizations that continuously invest in ecological efficiency, and those who get involved in creation of public welfare, for example, in development of environmentally and socially more acceptable processes and products as well as occurrence of markets associated with the latter. Such organizations shall have a competitive advantage, shall earn a benevolence of their communities as well as reputation and prestige and shall see a financial benefit in their efforts. However, it is not that simple for the organizations to become sustainable; it involves a long and difficult process.

### **3. Strategic management model for transformation of an organization into the sustainable company**

According to Vasiliauskas (2002), strategic management involves a continuous, dynamic and consistent process through which an organization timely adapts to changes

in its external environment and uses its potential more efficiently. The very process of strategic management is divided into three following stages: strategic analysis, strategy development and strategy implementation.

Meanwhile, Čiegis and Grunda (2007) depict a strategic management model of transforming an organization into a sustainable one as a process of planning, changing and results measurement (see Fig. 1).

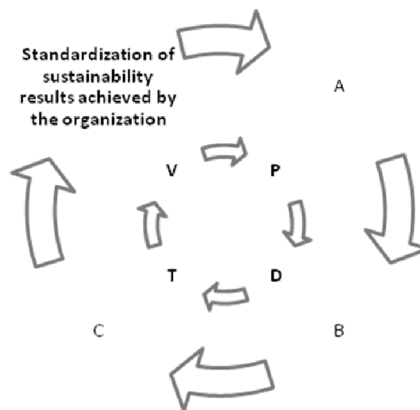


**Fig. 1.** Strategic management model of transforming an organization into a sustainable one. (Čiegis, Grunda 2007)

**Stage of planning** involves spread of understanding of sustainable company, means and results measurement system within an organization, analysis of its current situation, formulation of a vision of sustainable organization that is expressed in a form of understandable and measurable goals.

**Stage of changing** involves allocation of different means to achieve the set goals that might be applied in the organization to change a particular product or process, priority is given to particular means, and the selected means are being implemented.

**Stage of results measurement** involves comparison of each goal set in the stage of planning with the results achieved. Company is checked for the achievement of planned certification, processes and products are checked for compliance with the planned standards, and the reports are prepared if the company successfully joined some organizations, received particular environmental trademarks, etc.



**Fig. 2.** A modified strategic management model of transforming an organization into a sustainable one.

Stages of strategic management process and strategic management model for transforming organization into a sustainable one, suggested by Vasiliauskas, Čiegis et al., lacks a very important component, namely continuous improvement. Consequently, the suggested model should be complemented with one more stage (see Fig.2) **standardization of sustainability results achieved by the organization** that would reflect Deming's PDSA cycle and continuous improvement strategy more realistically.

If the company fails to meet requirements of sustainable development that have been previously set, the new ones are suggested that are being judged while going back to the stage of changing. If the organization happens to meet all the requirements that have been raised, it progresses to the stage of standardization. Stage of standardization includes implementation of final plans, procedures and results achieved through the process of transformation are being "legitimized" within the organization, and if the organization is in compliance with all the requirements set and continuously acts on their basis in its daily routines, it is considered to be a sustainable organization.

#### **4. Interrelations of Balanced Scorecard components with aspects of the sustainable development**

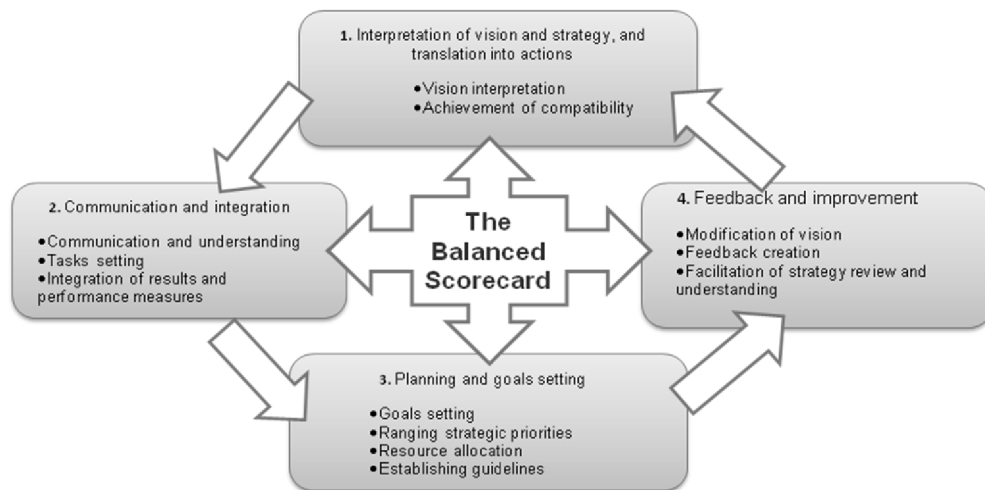
**Balanced Scorecard (hereinafter – BSC)** is a multidimensional system meant for identification, implementation and management of strategy on all the organizational levels while focussing company's goals, initiatives and measurements on it. This is the technique that allows organization to translate its vision into a consistent, directional set of performance means and quantitative indices, that not only indicates results but also points to indices that have effect on results achieved (**Virtanen, 2009**). Precise identification of predicted results and means for implementation, that directly influence results achievement, i.e., causative relation, enables managers to concentrate and evoke abilities and knowledge of different organizational components for the achievement of long-term goals. BSC offers a general picture of organization's operation by integrating financial measures with the other performance indicators through perspectives of customers, processes and development.

BSC approaches business from four positions by raising the following four questions that are absolutely essential for each organization and by formulating four perspectives as follows:

- What is the evaluation of organization by its shareholders and stakeholders? (financial perspective)
- What is the evaluation of organization by its customers? (customer perspective)
- What might and should be changed within the organization (process perspective)
- What possibilities are available for the implementation of changes in organization (learning and growth perspective) (Kirby 2003).

It is very important to select an appropriate system of measures and means that allows to identify vision as a specific strategy that might in turn be translated in a language of quantitative indices, precisely reflecting direction of organization's development and

appropriately evaluating changes. In many cases, systems for organization management and control are based on financial indices and tasks that are not closely associated with the progress made by organization in pursuit of its long-term strategic goals. Focus on short-term financial goals leaves a gap between the strategy development and its implementation (Čiegis, Grunda 2007). BSC integrates traditional financial goals with the criteria that are meant to measure performance from different points of view. It enables organization to pursue its financial targets relevant for its investors while at the same time controlling progress of capacities and non-material resources beneficial for its future growth. In accordance with this system, managers do not use short-term financial measures as indicators of company performance. System allows offering them four new processes of strategy management (Kaplan, Norton 2000; Johansson 2000) that—in combination and individually—enable to match long-term strategy with the short-term factors (see Fig. 3).



**Fig. 3.** Strategy management: four processes (Sidiropulos M., Mouzakitis Y., Adamides E., et al., 2004)

During *Process 1* managers match organization's vision and strategy, i.e., identify what company should be like after a particular period of time, and what should be used as a guidance to achieve the desired change.

*Process 2* allows managers to identify their strategy in the entire organization and to match and combine goals of different departments and individuals while at the same time forming a system of motivation and incentive.

*Process 3* enables company to integrate its business and financial plans.

*Process 4* gives organization a so-called organizational learning, and shows how successful was every department and individual in meeting goals set for them.

The balanced scorecard is not a static list of means and tools; its implementation, arrangement and adjustment involves an entire mix of change programs, and, of course, a management of organization-oriented strategy. It is a continuous process of segmen-

tation and comparison: a constant spiral movement from the abstract to the specific, and from the specific to the abstract, again. Such a process results in a balanced but not information-overloaded set of goals and means capable of providing information on how organization is moving towards its developed vision (Nicolau M., Teodorescu M., Constantin L., et.al., 2008; Petrini M., Pozzebon M., 2009).

Possibilities and techniques for BSC application are organization-specific and unique in this respect. Examination of considerable number of application cases patterns allows to hypothesise that process of the BSC implementation is mainly dependent upon the following:

- extent of problem or cause;
- established traditions of management and decision making within the organization. Implementation of sustainable development principles through use of the balanced scorecard aims at encompassing teamwork contribution to problem solving while analyzing different fields and activities of organization. In order for the organizations to contribute to sustainable development, it is absolutely necessary that operation of the organization is simultaneously improved in all three directions of sustainability, namely economical, environmental and social (Figge et al., 2002). In case of the conflict among three directions of sustainable development (social, ecological and economical goals), from the pragmatic perspective of business, management of organization under sustainable development should first of all identify and understand possibilities for simultaneous improvement of all three development directions in order to achieve a significant contribution of the organization to sustainable development.

BSC should include all the aspects suitable for continuous achievement of competitive advantage. Actions by the company that determine long-term business success are included in four perspectives of BSC, and influencing factors (reasons) are linked to their results. In every perspective of BSC, goals and means are derived from long-term strategic financial goals through top-down process. Such a hierarchic structure of BSC ensures that all the operations of organization are interlinked with the successful implementation of organization strategy (Zingales, Hockerts 2003).

This feature of BSC may also be used in management of environmental and social aspects. Otherwise than many techniques mentioned in scientific literature, BSC is able to integrate three directions of sustainable development, i.e., it also to include management of environmental and social aspects into main business processes. Such a way of implementing management of sustainable development simultaneously allows for achieving ecological, social and economic goals (Schaltegger and Barrett, 2000). Consequently, the relation among all three directions of sustainable development must be well-judged in advance. Integration of sustainable development directions, based on the pragmatic approach, into the general strategy gives the following three major advantages (Figge et al., 2002):

- Management of sustainable development is minimally effected by economic crises as it is applied not only in the stage of company rise.
- Organizations aimed at encouragement and strengthening of environmental and social management are often oriented to their competitors who have already undertaken this.



- Integration of environmental and social aspects into the organization strategy ensures that solutions of sustainable development encompass all three directions of sustainability in a company.

BSC assists in identification and management of ecological, social and financial goals. Consequently, this system meets the core requirements of sustainable development—continuous increase of business efficiency in economical, ecological and social respects. Suitability of BSC for integration of all three directions of sustainable development also allows for taking into consideration soft factors that cannot be measured. Ecological and social aspects show these characteristics rather precisely (**Behrouz 2009**). In this way, balanced scorecard of sustainable development assist in implementing soft factors such as environmental and social goals into the general strategy of the organization instead of implementing them as secondary systems.

Concept of Balanced Scorecard of Sustainable Development (hereinafter—BSCSD) is very young and in its evolution phase yet, consequently scientific literature reveals different attempts by authors to create and develop BSCSD models that are accordingly interpreted and evaluated in peculiar ways. However, given the increasing variety of such models, there is a lack for the single integrating approach that could assess all the models in a common context. It is the case in literature, that a particular single model is emphasized by accentuating its benefits for organizations, however no attention is dedicated to their advantages and disadvantages in light of their comparison.

Research in different sectors (construction and building, food, chemistry, IT, goods transportation, machinery manufacture), with regard to aspects of competitive environment management, shows that strategies of sustainable development can be classified by their strategic orientation (market or society) and strategic behaviour (reactive or proactive) (Dyllick 1999; Gminder, Bieker 2002). Authors present the following 5 strategies how organization can behave while implementing principles of sustainable development in its operation:

- *Safe* strategy aims at risk management and minimization;
- Strategies of the *Credible* type deal with image and reputation issues;
- *Efficient* strategies make improvement of productivity and efficiency possible;
- *Innovative* strategy is aimed at differentiation of organization's products and services in the market;
- *Transformative* strategies are used to create new markets by effecting both social and public structures. Other research papers also identify this strategic type as *Progressive* (Bieker, Gminder 2001).

These strategies can be applied for the entire organization or for the selected fields of business as well as for particular products or technologies. Such a classification of strategies is rather idealistic as in practice, different types of strategies may be complementary to each other. Each type of sustainability strategy shows a different level of involvement of environmental and social management into operation of organization and different level of attention dedicated to stakeholders.

Table 1 presents summarized comparison of sustainable development strategies based on different aspects (Durkee, Kaldschmidt 2010).



Table 1. Analysis of different aspects of sustainable development strategies (Durkee, Kaldschmidt, 2010)

Types of strategies	Safe	Efficient	Credible	Innovative	Transformative
<b>Goal of strategy</b>	Minimization and management of risks	Increase in productivity and efficiency	Image and reputation improvement	Market differentiation	Market development
<b>Features</b>	Focus on operative and financial risks	Focus on strategies of environmental and social costs in order to reduce them	Orientation towards actions intended to improve environmental and/or social image of company, company aims to be seen as "green"	Emphasis on differentiation strategies with the aim to enhance sales and profit earned from ecologically and socially friendly products	Focus on market expansion strategies aimed at changing institutional structures which allows for companies to gain a competitive advantage over their rivals less-oriented towards sustainability
<b>Strategic tasks</b>	To protect occupied market share, protect success factors from disturbances, retain "operating licence"	To increase eco- and social efficiency	To ensure protection from potential threats to image and reputation	To ensure added-value for customers in the field of sustainability	To actively contribute to structural changes of business world and society
<b>Strategic actions</b>	Risk minimization Problem solution	Process improvement Product improvement Product life cycle Organizational efficiency	Defensive or proactive (depending on industrial sector) Attacking or proactive: marketing strategies Defensive: coping with risks	Product features Production Consumption Actions following consumption (recycling, etc.)	Public participation in development of management systems, etc.
<b>Stakeholders</b>	Owners/shareholders; Employees; Management; Customers; Local community; National community.	Owners/shareholders; Employees; Management; Customers; Local community; National community Environment; Suppliers; Partners.	Owners/shareholders; Employees; Management; Customers; Local community; National community Environment; Suppliers; Partners. Media; Non-governmental organizations.	Owners/shareholders; Employees; Management; Customers; Local community; National community Environment; Regional Suppliers; Global Suppliers; Partners Competitors; Associations; Financial institutions; Global community Government; Non-governmental organizations.	Owners/shareholders; Employees; Management; Customers; Local community; National community Environment; Regional Suppliers; Global Suppliers; Partners Competitors; Associations; Financial institutions; Global community Government; Non-governmental organizations.

Several ways exist for inclusion of environmental and social aspects into standard BSC. Petrini and Pozzebbon (2008) distinguish between 4 potential ways of transforming BSC into BSCSD. They are as follows:

- Partial—one or two social and environmental indices are integrated into only one perspective;
- Transversal—one or two social and environmental indices are integrated into all four perspectives;
- Additive—one or more than one social and environmental indices are integrated into the fifth perspective;
- Absolute—combined methods of transversal and additive BSCSD.

### 5. Integration of different strategies of sustainable development into the Balanced Scorecard

It is advisable for the organizations that aim at implementation of strategies of the **credible** type to apply a **partial** method of sustainability aspects integration into the BSC. According to Bieker and Gminder (2001), this method is the most suitable as not all but only particular perspectives have a special meaning for implementation of this type of strategies. Bieker and Gminder suggest that the major attention should be dedicated to perspectives of **learning, processes** and **customers**.

In the perspective of learning, employee loyalty to organization must be enhanced through communication and learning means. This perspective must reflect goals how members of organization should be given necessary knowledge required for dealing with sustainability issues.

In the perspective of internal **processes**, compliance with laws must be emphasized in order to avoid any negative attention of the society. Compliance with environmental and professional laws and regulations is supposed to ensure safe production process. Indices used in this perspective may reflect a negative response by society or number of occupational accidents.

**Customer** perspective might be oriented around charity or other actions of social support. This way, a concern of an organization regarding public and social problems might be showed.

Implementation of the credible type strategy of SCDS is not always simple and easy in practice. When formulating balanced scorecard in case of the particular organization, different adjustments and modification of BSC are possible. Inclusion of greater number of strategic goals makes the model much more complicated and adapted to specific situations, consequently its full implementation in other organizations might lead to failure.

Organizations aiming at cost optimization, i.e., those implementing a strategy of the **efficient** type, according to Bieker and Gminder (2001), find **partial** method of sustainability aspects integration into the BSC to be the most appropriate, too. This strategy makes organizations to focus on expenses generated within the organization,

consequently appropriate attention is dedicated to **learning**, **processes** and **financial** perspectives.

When implementing this strategy, in the perspective of **processes**, goals, indices and means are realised supposed to increase financial efficiency of the perspective and to form ecological and social attitude of the organization. Optimization of management processes is the fundamental task in this strategy. However, process of innovations becomes no less important when organization realizes that it can facilitate management through innovations implementation. Although process perspective in implementation of this strategy is considered to be the most important, other means in financial and learning perspectives must be taken into consideration as well. In **financial** perspective, major attention is directed towards reduction of costs. Strategic goals might be expressed in the form of costs ratio to turnover, profit and value-added. Using tools such as Full Cost Accounting (FCA), focal points for cost reduction might be discovered that are not fully optimized yet (Lehni 2000). Optimization of the entire supply chain costs also deserves significant attention. By helping its stakeholders participating in a supply chain, organization can expect to enhance its influence and improve its social image.

The most important goal for the organization aimed at sustainable development, in the perspective of learning, is to teach its members to use both natural and human resources more efficiently. Economic benefit of this goal might be achieved through innovations and training, and its social benefit – through motivation and creation of favourable conditions.

The main limitation is the fact that such a balanced scorecard is oriented only towards organization and improvement of its operation, while totally ignoring customers and excluding ecological and social factors from its customer perspective. It's nevertheless true that if the organization seeks for sustainability, it has to comprehensively and gradually integrate principles of sustainable development in all the perspectives. Therefore, this BSCSD is more suitable as an intermediate version. In the course of time, organization will have to progress to another BSCSD that encompasses entire organization and involves major stakeholders.

Same as with the above examined strategy types, Bieker and Gminder (2001) suggest that **innovative** type of strategy should also use a **partial** integration method of BSCSD. This strategy dedicates vast attention to learning, process and customer perspectives.

Organizations that strive for a reliable reputation in a field of ecology have to focus on their internal processes and personnel skills. In perspective of **learning**, it is important to set the goal that is aimed at enhancing knowledge of employees and entire organization on sustainable development. This is the way to form organizational culture focussed on ecology and social wealth.

Perspective of **processes** should incorporate goals and indices that help organization to design, develop and produce ecological products. It should be taken into consideration that ecological aspects are often not fully perceived by potential customers or remain unperceived at all, consequently it is very difficult to evaluate benefit perceived

by customers after purchasing a product. Distinctive labelling of ecological products and availability of relevant information on their labels might serve as appropriate solution of this problem. Therefore, implementation of such a means of **customer** perspective would result in emphasis on exclusive benefit-added for customers.

All three perspectives have to contribute to increasing profitability through enhanced sales or reduced costs. Successful implementation of this strategy is supposed to make organization more flexible and capable of adapting to new market conditions as well as satisfying ever-changing customer needs more rapidly, leading to formation of the innovative image of the company in society.

When implementing a **sustainable market management** strategy, organizations shall seek to develop BSCSD using patterns of **transversal** and **additive** methods, or in other words, organizations shall be applying an **absolute** method of integration of sustainable development aspects. Such a strategy makes organization to focus on society and policy, therefore it is important to create a new perspective for controlling goals and tools related to society.

The fifth perspective, that Bieker (2003) identified as perspective of **society**, concentrates attention on political and societal goals, indices and means, and also focuses on analysis of sustainable development issues. This perspective should be considered of an extraordinary important, in case the organization decides to strive for significant changes in society, its needs and political decisions that have implications for the organization and its operation.

In **customer** perspective, major goals are aimed at expansion of already occupied and new markets by introducing sustainability principles. When implementing a **transformative** strategy, organizations face an opportunity to respond to market changes and offer “green” products meeting customer needs and expectations much faster than their competitors.

In perspective of **processes**, goals and means have to ensure that company is capable of satisfying market demand and at the same meeting ecological and social requirements. Since this type of strategy covers sustainable development of organization most extensively, some strategic goals and means might be borrowed from the **innovative** and **efficient** type.

In perspective of **learning**, the aim is to encourage organizational learning. Major goals are to get oriented towards ability of personnel to manage processes of sustainable development within the organization.

**Financial** perspective pays major attention to goals that take into consideration revenue received from selling “green” products.

## 6. Up-to-date model of Balanced Scorecard for the Transformative type of strategy

In light of improving BSCSD techniques, Kramer (2009) supplemented method of integrating principles of sustainable development into BSC by two additional constituents: “Environment and community” and “Employee satisfaction” (see Fig. 4).

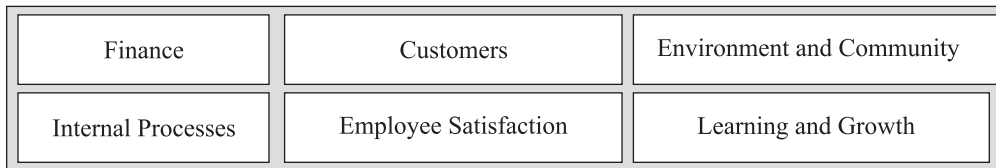


Fig. 4. The suggested BSCSD model encompassing 6 perspectives (adapted from Kramer 2009)

According to Kramer (2009), it's the most up-to-date concept of balanced scorecard of sustainable development, and considering more extensively each of three directions (economy, ecology, and social environment) of sustainable development than absolute BSCSD model proposed by Bieker and Gminder (2002). Accordingly, this technique is more suitable for the Transformative type of sustainability strategy.

Otherwise than other methods, this 6-perspective BSCSD model pays attention to employees and their satisfaction with job and with operation of their organization. Increased employee satisfaction, their positive attitude towards organization and its services, as well as increased sales are primarily influenced by employees with high levels of satisfaction. Consequently, inclusion of this perspective into BSCSD should significantly contribute to implementation of sustainable development within organization.

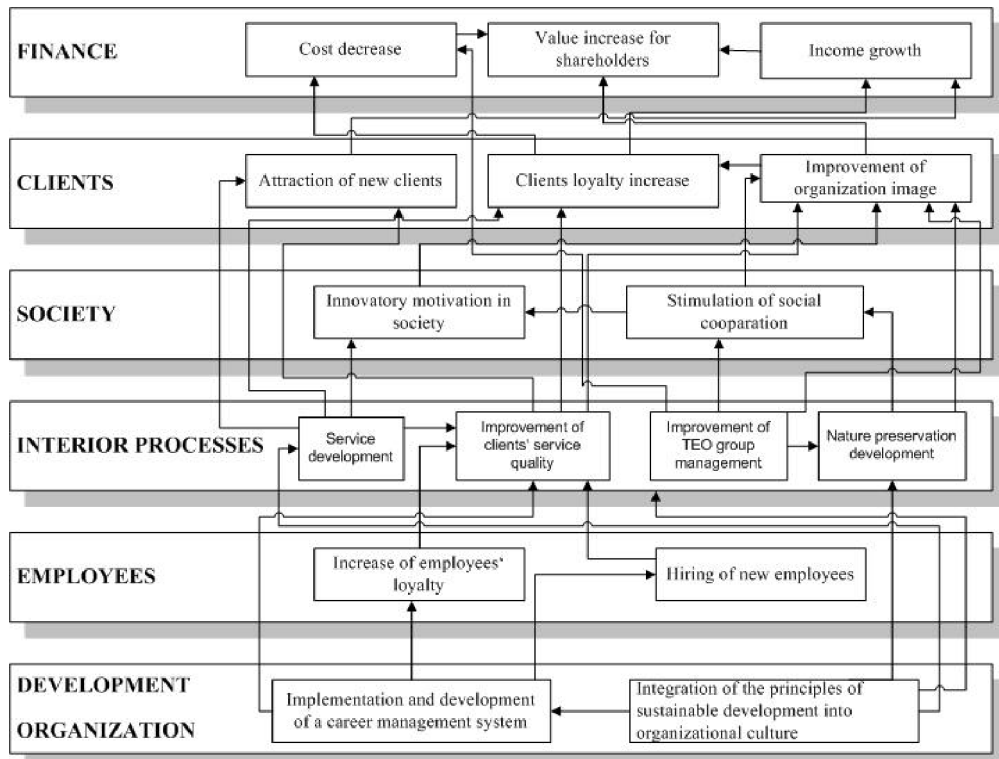


Fig. 5. Telecommunication Company strategic map (Bagdoniene et al., 2011)

Kramer suggests that in development of BSCSD, in the financial perspective, strategic goals can be focussed on the active use and optimization of labour capital. Customer perspective should facilitate achievement of goals that allow for increasing customer satisfaction, and it is purposeful to focus on those customer segments that generate maximum income for the company. The perspective of environment and society should give top priority to local businesses, community governing and making relationship with potential employees for the future. Internal processes have to ensure technology optimization, efficient relationship with major stakeholders, and allow for timely delivery of products and services. Retention of the most important employees and their enhanced recognition might reflect strategic goals of the employee satisfaction perspective. Kramer suggests that in the perspective of learning and growth, major attention should be dedicated to development of the positive organizational culture, enhancement of personnel competencies and the capability to adapt to ever-changing conditions. Delegation of more powers to employees is also recommended (Kramer, 2009).

## **7. Research design, values and findings**

Trying to identify the main strategic goals between balanced scorecard of sustainable development model elements for a Telecommunication Company there was chosen questioning survey using an explanatory research methodology. During the research there was analysed Telecommunication Company ethics code, policy of social responsibility and financial report. There was constructed strategic map with indentified 16 directions of balanced scorecard elements (see fig. 5).

## **8. Conclusions**

Recently, more and more organizations come to realize that ecological and social aspects represent those components of value creation that will be bringing success for organizations in the future. Understanding benefits stemming from sustainable development, organizations make efforts to include these principles into their daily business routines. In pursuit of sustainability, however, companies face plenty of problems that impede implementation of sustainable development means or sometimes even turn these attempts into total failure. Implementing ideas of sustainable development, the major organizations first of all face a problem of communication.

Implementation of sustainable development is a long-term process requiring for huge financial and human resources, whereas its benefits show up gradually and are possible only in a long-term perspective. Therefore, it is sometimes far from easy to convince top-managers of usefulness of sustainable development solutions. It's important to mention however, that means of sustainable development must be given a top-priority in operation of the organization. Consequently, it is advised that the process of transformation into the sustainable organization included implementation of the



principle of continuous improvement in order for the standardized programs for sustainable development implementation were regularly reviewed and adjusted in regard to the changing economic, political and social situation.

Successful implementation of solutions of sustainable development requires for an appropriate management system and technique making it possible to integrate them into the general strategy of the organization. Balanced Scorecard is a tool for achievement of strategic goals by identifying strategically important directions for development of the organization, attributing them with the respective strategic goals with causative interrelationships established. In such a manner, strategies of organization might be segmented into minor procedures that are accomplished by workers through their daily work routines. This method facilitates transfer of organization's strategies from the level of planning to the level of implementation.

The up-to-date 6-perspective Balanced Scorecard of Sustainable Development with additional two perspectives of society and employee satisfaction is still in the stage of scientific investigation and discoveries. For this reason, organizations determined to use it in the process of their transformation into sustainable organizations could significantly contribute to the development of this system with new ideas and practical observations gained through their experiences.

The research showed that every company trying to manage the sustainable development results could use balanced scorecard with two new perspectives employee with a recommendation to use partial method of sustainability aspects integration into the BSC. But the most important fact for the successful balanced scorecard sustainable development integration results is communication. Company's CEO should clearly communicate sustainable development strategy, involving everyone to seek the main goals.

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## DARNAUS VYSTYMOŠI PRINCIPŲ INTEGRAVIMAS Į SUBALANSUOTŲ RODIKLIŲ SISTEMĄ

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**Santrauka.** Straipsnyje pateikiamos apibendrintos darnaus vystymosi principų integracijos į subalansuotų rodiklių sistemą galimybės. Aptariami Lietuvos darnaus vystymosi principai, darnaus vystymosi nauda organizacijai, analizuojamas organizacijos transformavimo į darnią organizaciją procesas, apibendrinama darnaus vystymosi strategijų integracija į subalansuotų darnaus vystymosi rodiklių sistemą, jų įgyvendinimo problemos. Siūloma subalansuotų rodiklių matavimo sistemą transformuojant į subalansuotų darnaus vystymosi rodiklių sistemą papildyti dviem rodikliais: visuomenės bei darbuotojų pasitenkinimo perspektyvomis. Tai rodytų didesnę dėmesį socialiniams klausimams tiek organizacijos viduje, tiek aplinkoje, kurioje organizacija vykdo savo veiklą.

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