SYSTEM OF BALANCED SUSTAINABLE DEVELOPMENT INDICATORS: THE CASE OF SC TEO

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Mankind utilizes earth resources and services much faster than natural processes are able to revive them. During recent twenty years there has arisen the worry of scientific and academic society because of these global problems and the interest in sustainable development as well as in different strategies of its realization. The application of the principles of sustainable development in the activity of industrial and service enterprises is becoming more and more important factor in increasing competitiveness. 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. On the other hand, sustainable development opens new business opportunities for the suppliers of ecological products, for the creators of the materials and processes that are safe for the environment, for the enterprises that invest into ecological effectiveness and for those who are engaged in the creation of society welfare.

The research object is the system of balanced sustainable development indicators. The aim of the article is to generalize the possibilities of the principles of sustainable development based on the research conducted at SC „TEO LT“. The methods of investigation were conducted content analysis of documents and respondents’ survey. Based on the results of this study was improved analysis balanced scorecards by creating the six perspectives strategic map and the list of sustainable indicators.

Keywords: principles and strategies of sustainable development, organization strategy, system of balanced indicators.
JEL codes: L1, Q56.

Introduction

In order to develop any activity it is not enough only to get oriented to an economic advantage of an organization and to the realization of financial goals. In these years of a changing society seeking to successfully preserve an organization’s reliable image, it is very important to find the balance among a financial benefit for an organization, society welfare and environment preservation. These three directions of development were called the ones of sustainable development in 1992, and they were defined as the main long-term strategy of society development. Sustainable development process is complex and it needs much financial and organizational efforts. In order to achieve long-term benefit, it is not enough to apply separate activities and means. It is necessary to develop strategies and their systematic realization. Most organizations face different problems that hinder the seek of sustainable development. The main problem is the insufficient integration of the principles of sustainable development into organization strategies, the latter conditioning the realization of these strategies.
The system of balanced indicators is the means that helps to effectively apply organizational resources and to avoid a lot of problems. This system is one of the most advanced managerial ways that help to clearly generalize and communicate the enterprise strategy and its resources as well as to direct employees’ efforts towards strategy realization. Moreover, it is the system of achievement measurement that allows to evaluate the results of an enterprise activity and to check what is being done and whether it is well done.

**Research aim** is to identify the main strategic directions of an organization for every perspective of sustainable development and to determine their interdependence in order to be able to improve the model of balanced sustainable development assigned for the realization of sustainable development.

Balanced indicators system being rather specific and applied for a definite organization, there was selected the activity strategy of SC “TEO LT“ in Lithuania.

**Research object** is the organization strategy of sustainable development.

The substantiation of the selected organization for the research. SC “TEO LT“ is one of first companies in Lithuania that started applying the principles of sustainable development in their activity. This company is the first organization in Lithuania that is considered to be socially responsible for directing its activity not only to the improvement of financial results but also to nature preservation issues as well as to social welfare of employees and society.

SC “TEO LT“ belongs to the network of nationally Responsible Business Enterprises. Every year “TEO LT” presents the reports of socially responsible business. The enterprise has got a number of rewards for nature preservation, social entertainment and other projects reflecting the policy of social responsibility.

Because of the data and the specifics of the model of the indicators system of balanced sustainable development, the quality research has been chosen for obtaining research results.

**The authors chose the following research methods:**

- the analysis of the enterprise documents content (March, 2010–May, 2010).
- questionnaire results (May 10–20, 2010).

Document content analysis is the collection of primary documents and their application as the main information sources. The advantage of the analysis: simplicity, less bias attitude, data is considered more than people, lesser financial cost. Two methods of the document analysis are distinguished: traditional (classical) and that of formalized content. This kind of a document analysis clears text characteristics (Kardelis, 2005).

The aim of the document content analysis is to identify the main directions of SC “TEO LT” strategies for every of indicators system of balanced sustainable development perspective.

The main documents analyzed during the research:

- These documents are not confidential they are available on the website of SC “TEO LT” (www.teo.lt).
The aim of the questionnaire is to find out the relationship between SC “TEO LT” strategic goals. This method is a very popular method of information collection.

The selected questionnaire method is distinguished by its administration simplify, not complex data analysis, possibility to find differences between various groups. The introduction of the questionnaire introduces the respondents to the objectives of sustainable development principles and the order of the questionnaire application.

The questionnaire consisted of 16 questions, fifteen of them being presented according to Liker scale. These questions were aimed at looking for respondents’ opinion about the influence of strategic objectives on other strategic goals. Strategic objectives were given from the lowest level of perspective (organization development and gradual change to the objectives of higher level perspectives).

Strategy objectives map has been designed according to the rules presented by Kaplan, R. S. & Norton, D. P. (2000), i.e. strategic objectives from the lowest level of perspectives is gradually bought to the highest level of a financial perspective. This means that strategic objectives of the higher level do not influence the perspective objectives of the lower level. The Very first questionnaire issues call for more evaluation points but other strategic points need less evaluation.

One question is of an informative character. It is aimed at determining the department or service the respondent works at.

During the research there has been conducted a special leaders’ tart. The respondents have been selected according to the objectives of the investigation because they had to be competent enough in the field of SC “TEO LT” strategies. The choice has been based on quality but not on quantity. Direct communication with ten respondents allowed reaching high quality level of answers.

Survey process. Questionnaire testing has been carried out in two stages:

I. **Respondents’ introduction to identified strategic objectives.** In order to receive reliable information, the respondents have been directly acquainted with the analysis results of the documents content. They have been presented with identified SC “TEO LT” strategic objectives and means assigned to achieve these objectives. The respondents could get necessary information about the issue that interested them because it was a direct meeting. Fifteen minutes was enough for getting acquainted with strategic objectives and answering questions.

II. Having been introduced to strategic objectives, the respondents were presented the questionnaire. The comprises of the questionnaire were ready to answer any respondent’s question concerning both technical procedure and question wording. Thirty minutes were assigned for questionnaire answers.

**Sustainable development in SC “TEO LT” activity**

Being a big Lithuanian business enterprise and an influential society member, “TEO” strives for preserving social justice and ecological business aspects, taking responsibility for short-term and long-term consequences as a market member, employer, consumer and a society member. “TEO” realizes its social respon-
sibility through its direct corporate behaviour in the main four areas: market; nature preservation; relations with employees; relations with society.

From the point of view of “TEO” to act with social responsibility is to follow business principles as well as to act ethically, honestly and frankly with respect to nature, society and employees to create long-term value, to do more than it is foreseen by laws or do that. The organization is very much waived about business, people and environment, about their present and future.

Being the biggest internet supplier in Lithuania, “TEO” pays much attention not only to ensuring fast communication or other important services but also to safety aspects.

“TEO” stimulates company employees and the members of their families to take concrete actions in saving natural resources and decreasing environmental pollution. The company introduces ecological services and supplies its consumers with the information about the utilization of worn-out telecommunication equipment.

When the need to increase citizenship aspect, assistance for society and separate communities grows rather rapidly, “TEO” seeks to stimulate voluntaries which are becoming a very important social area.

Competent, loyal employees have been and are the value of the organization. Evaluating employees’ contribution to the company’s success, “TEO” pays its constant attention to learning, additional social guarantees, that are important for supporting social needs fund and creating work atmosphere.

Much attention is paid to employees’ health care: seminars devoted to spine problems, vaccination again flu, tick encephalitis and special information is supplied about pandemic flu.

The results of the analysis of SC “TEO LT” document content

Conducting the analysis of document content, it was sought to identify the main strategy directions and means for every perspective. Thus, it was possible to realize those strategy objectives.

It was necessary to identify strategy directions for these perspectives: finance, client, society, interior processes, the advance of the employees and organization. Having performed SC “TEO LT” documents analysis, there were identified sixteen strategic objectives. Moreover, there were distinguished means which were expected to help to realize these objectives. The analysis conducted is of a subjective character; therefore some statements Wight not coincide with SC “TEO LT” statements.

Finance perspective is distinguished by some directions: the increase of value for shareholders; cost decrease; income growth.

There are the following strategic directions in client perspective: image improvement; attraction of new client; client loyalty increase.

Strategic directions in society perspective: innovation stimulation in society; stimulation of social cooperation.

Strategic direction in interior processes: service development; the improvement of services and client attendance quality; group management development; nature preservation.
Strategic directions in employees’ perspective: employees’ loyalty development; the attraction of new perspective employees.

Strategic directions of organization development perspective: career management system development; the integration of sustainable development principles into organizational culture.

Kaplan, R. S. & Norton, D. P. (1996) emphasize that one of the main conditions is the number of strategic objectives (not more than 20) in order to from the system of balanced indicators because whenever the number is bigger, the relationships among these objectives become complicated and the effectiveness of the system decreases. Thus, this condition fully satisfies.

SC “TEO LT” contently develops market and introduces new technologies that are favourable to environment. The company takes an active part in the activity of 10 Lithuanian and international organizations. Actively participating in society life, it influences positive change in the state, educates society and motivates to strive for innovative ideas. Thus, it seeks public acknowledgement and introduces “TEO LT” activity and its services to those who are interested in all its achievement and social responsibility that are employed in the company itself and in its daughter enterprises.

These actions show that the company seeks market development and society education. These aspects answer all requirements for the organization that applies the strategy of changing sustainable development in its activity (Bieker, & Gminder, 2001; Bieker, 2002, 2003). Thus, it is possible to introduce the most integrated indicator system of sustainable development and to apply it for six perspectives.

Father there is presented the questionnaire results that will help to identify causative relationships among the strategic directions of SC “TEO LT”.

**SC “TEO LT” questionnaire testing results**

The questionnaire was aimed to reveal the relationship among “TEO LT” strategic development directions that had been identified in the document analysis.

In order to more simply systemize data, every question point was given a number according to its analogical succession. The leaders from regional department’s fool part in the testing.

Interdependence of strategic directions was evaluated according five-point scale (1 – does not influence; 2 – influences very much). The generalization of respondent’s answers manifested average relationship strength that is presented in an average column in the survey of questionnaire answers.

Having evaluated all variants evaluation criterion haze been chosen. This has made it possible to single out the dependence of strategic directions. The relations for further analysis have been chosen, and their average strength has been not less than 4.3 points. Those which have not satisfied that criterion have been considered not to have direct influence. For future analysis there have been formed directly influencing strategic directions. The total number of identified direct influence relationships was thirty five.

In order to form the map of strategic development directions, it important to determine those strategic directions that have the biggest influence on other strate-
gic directions. According to directly influencing strategic directions, there have been distinguished those which have the biggest influence on strategic directions.

While analyzing, it has been stated that the direction of service development produces influence on the development of other strategic directions. The development of other four strategic directions depends on the integration of the principles of sustainable development onto organizational culture.

There have been formulated strategic directions of direct influence according to which the most influenced strategic directions have been singled out.

The most influenced direction is that of organization image improvement. It is influenced by five other strategic directions. Cost decrease and the improvement of client service quality are dependent on four other strategic directions and their realization. The growth of value for shareholders, clients' loyalty increase and the attraction of new clients depend on other three directly influencing directions.

Having generalized the questionair results and having applied directly influencing strategic directions as well as directly influenced strategic directions, there has been formed a strategic map that reflects interrelationship of identified strategic directions of SC “TEO LT” (Figure 1).
Figure 1. Strategic map
Having designed the strategic map (adapted by Kramer, 2009; Dyllick, 1999, Dyllick, 2002), the next step was to give an indicator to every relation. As there are 35 indicators in the map, there should be not fewer than 32 indicators in the indicator system of balanced sustainable development. Taking the analysis results of documents content as a basis, there has been developed an indicator list that reflects the essence of all system of balanced indicators. It is important to give these indicators their concrete meanings that could reflect expected results of objectives realization. These meaning are determined during a long planning process.

**Conclusions**

1. Any strategy of sustainable development could follow the method of balanced sustainable development indicators. Recently a partial integration method has been the most analyzed one in scientific literature. It is considered to be the type of reliable effective and innovative strategy, the method of the balanced sustainable development indicators system belongs to a changing type strategy.

2. These conceptions are constantly being developed and recently there is an attempt to create the indicator system of balanced sustainable development of six perspectives. It means that additional attention will be paid to social issues both in the organization itself and to the environment the activity is conducted in.

3. Following SC “TEO LT” example, it has been sought to improve the indicator system model of balanced sustainable development. The model is to reflect six perspectives: finance, clients, society, internal processes, employees and organization development.

4. The analysis method of document content has helped to indentify 16 directions of SC “TEO LT” strategic development that have been distributed in all perspectives. The questionnaire has helped to find out the influence of directions on one another. The introduction of a criterion has allowed to sort out meaningful relations of the dependence among those strategic directions and to design the map that reflects 35 dependency relations among the identified strategic directions. This map is the basis of the indicator system of balanced sustainable development.

5. According to the research results, recommendations are presented:

   - The strategic objectives of the measures recommended to be split into smaller procedures, everyday tasks, and activities. In this way, decisions are transfer from strategic to implementation level.
   - Periodically evaluate and review the objectives and measures in relation to their actual implementation of the plan. It is thus possible to make various modifcations and improvements to balanced sustainable development indicators.

**References**


Raktažodžiai: darnaus vystymosi principai ir strategijos, organizacijos strategija, subalansuotų rodiklių sistema.

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