Managing Corporate Sustainability and CSR: A Conceptual Framework Combining Values, Strategies and Instruments Contributing to Sustainable Development

Rupert J. Baumgartner*

University of Graz, Austria

ABSTRACT
Sustainable development can be a source of success, innovation, and profitability for companies. To use this source and to deal with the challenge of sustainability, corporations need a framework they can rely on in order to identify opportunities and threats and to develop, implement, control, and improve corporate sustainability strategies to be both more sustainable (for themselves and the society) and more successful in economic terms. Based on an extensive literature review of strategic management, CSR, and corporate sustainability, a conceptual framework is developed which offers an integrated view on the relevance of sustainability aspects for an individual company and enables the integration of these sustainability aspects on different management levels. Contextual factors are used to identify the relevance of sustainable development and the significant sustainability aspects. Based on this initial step, the relevance of sustainability issues for the different management levels, as well as opportunities and threats related to sustainable development, can be identified. The framework distinguishes three different management levels: normative management, strategic management, and operational management. Questions of vision and mission of a company and of the fit between sustainability engagement and organizational culture are in focus of the normative management level. Developing an effective corporate sustainability strategy is part of the strategic level. The implementation of the sustainability strategy in the different corporate functions is part of the operational level. This framework for corporate sustainability management is supported by instruments which are clustered in different areas like performance measurement, assessment and evaluation, operational management or strategic management.

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*Correspondence to: Rupert Baumgartner, Professor for Sustainability Management, Institute of Systems Sciences, Innovation, and Sustainability Research, University of Graz, Merangasse 18, 8010 Graz, Austria. E-mail: rupert.baumgartner@uni-graz.at

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Introduction

RINGING SUSTAINABILITY ISSUES INTO THE BOARDROOM OF COMPANIES IS A CENTRAL AND IMPORTANT ISSUE FOR A SUCCESSFUL development of sustainable societies. There is an increasing interest of society and of business itself developing the business sector towards sustainability as corporations can play an important role in the endeavor of sustainable development (Bansal, 2005; Dahlsrud, 2008; Eweje, 2011). The challenge of sustainable development is complex and corporations have to deal with this complexity. Opportunities, risks, and obligations regarding sustainability needs have to be identified to become more successful in terms of environmental, social, and economic aspects. There are many different approaches, instruments, and tools to support business practice in managing corporate sustainability; however, there is still a lack of a comprehensive and integrated view on corporate sustainability management and CSR (Carpenter and White, 2004; Etzion, 2007; Aguinis and Glavas, 2012).

Although there is huge body of literature about the link between CSR activities and firm performance (‘do well by doing good’) (Griffin and Mahon, 1997; Roman et al., 1999; Salzmann et al., 2005; Nakao et al., 2007; López et al., 2007; Bird et al., 2007; van der Laan et al., 2007; Weber et al., 2008; McWilliams and Siegel, 2011) and about drivers for CSR (Dummet, 2006; Maximiano, 2007; Sarkar, 2008; Ditlev-Simonsen and Midttun, 2011), there is less knowledge about how corporations could manage the CSR-performance link or manage identified drivers for CSR (Doppelt, 2003a; 2003b; Hannon and Callaghan, 2011). There are publications about the business case (Dyllick and Hockerts, 2002; Salzmann et al., 2005; Weber, 2008), but there seems to be still a black (or at least grey) box in management about how to develop, implement, control, and improve corporate sustainability strategies (McGee, 1998; Hannon and Callaghan, 2011; Aguinis and Glavas, 2012). Therefore this paper provides more insight into this important aspect of how to manage corporate sustainability and CSR. This is done by the development of a management framework to concretize corporate sustainability management on different, but interrelated management levels. Concepts applied in business practice are used in order to grasp the practical perspective together with theoretical business approaches. The main question is not why a corporation should act more sustainable, but how can the corporation be more sustainable.

Management and Sustainable Development

Sustainable development as defined by the Brundtland Commission is an ethical standard (World Commission on Environment and Development, 1987). To concretize sustainable development a more tangible definition is necessary. The Framework for Strategic Development (FSSD) developed by ten pioneering sustainability scientists offers such a definition in using four general principles for sustainability (Robèrt et al., 2002):

1. In a sustainable society, nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust,
2. nature is not subject to concentrations of substances produced by society,
3. nature is not subject to degradation by physical means,
4. and in that society people are not subject to conditions that systematically undermine the efforts to meet their needs.

The role of business regarding sustainable development has usually been discussed as ‘responsibility’ to society, whereby responsibility is defined as a need to eliminate negative effects of business (Carpenter and White, 2004). This is a defensive approach. Also the question of how business can actively contribute to the goals of sustainable development, to link responsibility with opportunity, is of great relevance. In this case sustainable development will be a source of value creation – for the company and for society (McWilliams and Siegel, 2011). It is clear that

There is still no consensus use of the term corporate social responsibility (CSR): CSR was defined before the discussion about sustainable development emerged (Hansen and Schrader, 2005, p. 375) and is used sometimes as synonym to corporate sustainability, meaning that social, environmental and economic aspects are included (European Commission, 2001, p. 7; van Marrewijk, 2003; European Commission, 2011, p. 6), sometimes it is used solely for social (and societal) aspects of sustainable development. In this paper, both corporate sustainability and CSR are used to avoid confusion for the reader.
responsibility has to be the basis for opportunity; but approaches focusing on responsibility alone are only successful over a certain period of time. For instance, eco-efficiency as an aspect of environmental sustainability usually makes big savings in the starting phase; in the following years it becomes harder and harder to find further improvements (Carpenter and White, 2004, p. 2–54).

CSR is usually associated as approach to integrate social and environmental aspects into corporate activities. In principal we can distinguish between several main CSR positions: corporate philanthropy (Porter and Kramer, 2002), integrating stakeholder perspectives (Buysses and Verbeke, 2003; O’Riordan and Fairbrass, 2008), broadly defined CSR which includes environmental aspects (CSR as corporate sustainability) (European Commission, 2011). Müller-Christ and Hülsmann identified three interpretations of sustainable development in management science: an innovation-based, a normative, and a rational interpretation (Müller-Christ and Hülsmann, 2003). An innovation-based interpretation of sustainable development is based on the concept of eco-efficiency. Economy and ecology are combined as a win-win concept. Ecological innovations are carried out in case of simultaneous economic advantages. The goal is to reduce costs due to an increased efficiency of resources (materials and energy) and reduced amounts of wastes and emissions.

Justness, equity, and ethics are the core focus of the normative interpretation of sustainable development. The needs of present and future generations have to be satisfied; this interpretation relies strongly on the ethical viewpoint of the Brundtland definition. Sustainable development is seen as concept helping to solve the problem of massive energy and resource consumption in industrialized countries in order to allow developing countries to develop economically within an ecological carrying capacity. For corporate sustainability, this interpretation offers the link to the concept of stakeholder management (Freeman, 1984; Buysses and Verbeke, 2003; Müller-Christ and Hülsmann, 2003).

A rational interpretation of sustainable development focuses on the use of resources. Organizational activities have to secure the availability of all resources – therefore sustainability can be defined as extended economic principle (Müller-Christ and Hülsmann, 2003) and is an extension of the resource-based view of strategic management.

These three interpretations differ mainly in their underlying motivation for sustainability. Elements from all interpretations are needed to develop corporate sustainability frameworks as each interpretation offers specific insights for corporate sustainability management: innovation, productivity, and cost savings are necessary for corporations to survive in economic terms. This has to be done in a sustainable way, too, i.e. by reducing negative environmental and social impacts and contributing to a sustainable society through the products and services delivered. Legitimating corporate activities, both within a company and in society, is central for business and requires responsible and ethical corporate behavior. The rational interpretation connects corporate sustainability management to strategic management and reveals the essential need to secure tangible and intangible resources. Therefore elements from all three interpretations are integrated in the corporate sustainability management framework.

An extensive literature review revealed the need for multi-level models of CSR combining predictors, mediators, moderators and outcomes of CSR (Aguinis and Glavas, 2012). The corporate sustainability management framework presented follows this claim and supports individual organizations in integrating sustainability issues into their management.

Framework for Corporate Sustainability and CSR

Corporate sustainability management has to focus on innovation and stakeholder requirements and on efficiency as well as on the effectiveness of business processes in line with the FSSD principles. Integration of sustainability issues is a strategic task; the foundation of sustainability activities and strategies in the organizational culture is an essential precondition for success (Burke and Logsdon, 1996; Dentchev, 2004; Lankoski, 2007; Baumgartner, 2009). To support companies in their sustainability activities, a framework for corporate sustainability and CSR has been developed which consists of different management levels: the normative level has the objective of ensuring and enhancing the legitimacy of corporate activities by stakeholders and society; the strategic management level has the objective of effectiveness, i.e. of determining the long-term goals; whereas the operational
management level has the objective of efficiency, i.e. of implementing normative and strategic goals within all corporate activities (Ulrich, 2001).

The framework is supported by instruments for identifying, implementing, and controlling sustainability aspects (Baumgartner, 2010). The framework combines three organizational basic variables, i.e. organizational structure, formal management instruments, and organizational culture and offers an integrated view on corporate sustainability management.

The Relevance of Sustainable Development for a Company – Determining Sustainability-Related Contextual Factors

From an ethical viewpoint, one could argue that every company should be a sustainable company. But in the reality of market-based economies, companies also have to be successful in economic terms (Rodríguez et al., 2002; Laudal, 2010), which implies that it is necessary to clarify the requirements, needs, and pressure a company faces regarding sustainable development. This is a basis for revealing threats and opportunities of becoming a sustainable company, too.

Therefore the contextual factors and the relevance of sustainable development for a specific company have to be identified. That means recognizing external requirements and demands as well as impacts caused by the corporation in order to recognize sustainability-related opportunities and threats. These so-called contextual factors can be grouped into general business environment factors, sector-specific factors, and stakeholder factors (Baumgartner, 2010). Political and legal, economic, societal, technological, and ecological factors belong to the general business environment factors, whereas sector-specific factors are based on Porter’s 5-forces model (Porter, 1979; 1980; Valentine, 2010). Porter distinguishes rivalry, threat of substitutes, buyer power, supplier power, and barriers to entry as sector-specific factors determining the intensity of competition. Finally, demands from internal and external stakeholders have to be identified. This means that there is a distinction between factors and actors (stakeholders) taking into account the internal view of the relevance of factors and the view of actors on sustainability issues.

These contextual factors can be evaluated regarding their relevance for the company. This evaluation is done qualitatively based on the question of whether a certain context factor is relevant for a company from a sustainability perspective. To support this evaluation, the relationship between a contextual factor and each dimension of sustainable development is described verbally; the relevance of each factor is evaluated using a nominal scale with the classes ‘low’, ‘middle’ and ‘high’ relevance of sustainable development for the company (Table 1). The more contextual factors are evaluated with ‘middle’ or ‘high’ relevance, the more urgent a strategically planned integration of sustainability aspects into corporate management is. In such cases, corporate sustainability and CSR are strategically important for a company. The use of this table supports a structured identification of sustainability-related issues and topics. It is not intended as a quantitative assessment but as a qualitative evaluation of the importance and relevance of sustainability issues. By answering the question of importance of sustainability aspects line by line, the risk of overlooking or to ignoring a possibly relevant sustainability issue is minimized.

Normative Management

The basic attitudes, beliefs, and values of employees and leading executives about the company and about their own role in the company are summarized by the term ‘management philosophy’ (Ulrich, 2001, p. 423). Management philosophy can give a deeper meaning to the personal role of executives and managers and their activities. It influences behavior and decisions of employees and executives and is part of the normative level of management (Figure 1).

Normative management encompasses three constitutive elements: corporate vision and policy, corporate governance, and organizational culture (Bleicher, 1996). A common and shared vision is the basis for corporate policies. Hinterhuber (2004) describes a vision as being more about directions and possibilities than about restrictions and boundaries; more about initiating new things than about concluding everything; and more about new questions than about answers for these questions. A vision is usually complemented with a mission statement containing declarations of intent regarding strategies and goals, collaboration with customers and stakeholders, and the
<table>
<thead>
<tr>
<th>Contextual Factors</th>
<th>Dimensions of Sustainable Development</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental</td>
<td>Social</td>
</tr>
<tr>
<td>General Business Environment</td>
<td>Political-legal</td>
<td>Qualitative description of contextual factor</td>
</tr>
<tr>
<td></td>
<td>Economic</td>
<td>...</td>
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<tr>
<td></td>
<td>Societal</td>
<td>Qualitative description of contextual factor</td>
</tr>
<tr>
<td>Sector</td>
<td>Technological</td>
<td>...</td>
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<tr>
<td></td>
<td>Ecological</td>
<td>...</td>
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<tr>
<td></td>
<td>Supplier power</td>
<td>...</td>
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<tr>
<td></td>
<td>Buyer power</td>
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</tr>
<tr>
<td></td>
<td>Threat of substitutes</td>
<td>...</td>
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<td></td>
<td>Barriers to entry</td>
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<td></td>
<td>Rivalry</td>
<td>...</td>
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<tr>
<td>Stakeholder</td>
<td>Internal</td>
<td>...</td>
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<tr>
<td></td>
<td>External market based</td>
<td>...</td>
</tr>
<tr>
<td></td>
<td>External non-market based</td>
<td>...</td>
</tr>
</tbody>
</table>

*Table 1.* Scheme to evaluate sustainability related contextual factors (Baumgartner, 2010)
relationship to other companies and maybe to society itself (Hinterhuber, 2004). Basic rules for the governance of a company are defined in the internal legal structure of the company and are noted in the corporate charter (Bleicher, 1996).

A special focus on organizational culture is necessary as a fit between organizational culture and new management systems and approaches enhances the success of these new approaches (Kekäle, 1998; Cramer, 2005; Baumgartner, 2009). Common assumptions, shared values and norms, same understanding of symbols, same ways of interpreting and same rules of communication serve as social adhesives in human organizations (Schein, 1997). All these phenomena are subsumed in the concept of organizational culture.²

Hofstede (2001) describes organizational culture as holistic, historically influenced, related to anthropological concepts, socially constructed, soft, and relatively stable. Organizational cultures result from a learning process of interaction with its internal and external environment. Certain actions and procedures that have been successful in the past build up the basis of commonly accepted behaviors. Organizational culture brings sense, orientation, and stabilization to a complex and dynamic world. Its elements are transferred by a process of socialization (telling stories, observing rituals, . . .) and are not learned consciously (Schreyögg, 1991; Hatch, 1993).

On the normative management level, it has to be evaluated whether the culture is open or restrictive and defensive regarding sustainable development (Baumgartner, 2009) and whether sustainable development is part of the company’s vision and mission statement (Table 3).

**Strategic Management**

Strategic management is the process of planning, implementing, and evaluating company-wide decision-making enabling an organization to achieve its long-term objectives (David, 1989). The organization’s (long-term) objectives are specified and policies and plans to achieve these objectives are designed. Strategic management provides the overall direction for corporate activities based on the vision and mission defined on the level of normative management.

In the case of an integration of sustainable development into the strategic planning of a company, sustainability aspects have to be taken into account in the analysis of external developments and internal strengths and weaknesses. A sustainability strategy integrates the social and environmental dimension into the strategic management process of a company (Baumgartner and Ebner, 2010).

**Corporate sustainability strategies**

To structure possibilities for ‘green’ strategies, different models of corporate environmental management strategies have been developed. There are categorical models which allow the identification and structuring of characteristics of strategic environmental management at a given point in time or continuum/progression models which integrate

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²It is important to keep corporate culture strictly apart from similar looking concepts like corporate identity, organizational climate or the national culture (Scholz, 1987).

For a comprehensive corporate sustainability strategy, it is necessary to consider all sustainability dimensions, their impacts, and their interrelations (Baumgartner and Ebner, 2010). Different sustainability strategies can be distinguished which are based on a range from reactive strategies to offensive and proactive strategies; they can be interpreted as simultaneous progression and as categorical models (Dyllick, 2000; Hardtke and Prehn, 2001; Schaltegger and Dyllick, 2002; Baumgartner, 2009; Baumgartner and Ebner, 2010):

- Introverted – risk mitigation strategy: focus on legal and other external standards concerning environmental and social aspects in order to avoid risks for the company.
- Extroverted – legitimating strategy: focus on external relationships, license to operate.
- Conservative – efficiency strategy: focus on eco-efficiency and cleaner production.
- Visionary – holistic sustainability strategy: focus on sustainability issues within all business activities; competitive advantages are derived from differentiation and innovation, offering customers and stakeholders’ unique advantages.

In an offensive way, an extroverted strategy can be transformative. A transformative strategy interacts with the market and tries to actively change market conditions. This strategy aims to create new market opportunities in light of sustainable development, including elements of the conservative and visionary strategy.

Visionary strategies occur in two different forms: in a conventional way and in a systemic way. Conventional visionary strategies are based on market opportunities in an opportunistic manner. As long as sustainability issues lead to market advantages, they are part of the strategic management of conventional visionary-oriented companies. The focus is outside-in; inputs for the strategy formulation are derived from the market perspective. Systemic visionary strategies combine this view with an inside-out perspective, i.e. the marked-based view is supplemented with a resource-based view and sustainable development is deep-seated in the normative level of the company (Baumgartner and Ebner, 2010).

Planning of sustainability strategies
Strategic planning is usually based on the classic method of forecasting (Dortmans, 2005), i.e. opportunities and risks that result from external developments and strengths and weaknesses of the company are assessed and future developments are anticipated. In contrast, backcasting is based on the idea of first defining a desired future state and afterwards planning strategies and actions to achieve this desired state (Holmberg and Robért, 2000). Quist and Vergragt (2006, p. 1028) define backcasting as ‘first creating a desirable (sustainable) future vision or normative scenario, followed by looking back at how this desirable future could be achieved, before defining and planning follow-up activities and developing strategies leading towards that desirable future’.

By setting a desired state, backcasting has a normative character and is therefore suitable for the solution of sustainability problems (Dreborg, 1996; Quist and Vergragt, 2006). Backcasting as a planning principle was first used in the field of energy planning (Dreborg, 1996; Quist and Vergragt, 2006). Hoejer and Mattson see backcasting and forecasting as complementary, where backcasting should be applied in developments that lead to undesirable, non-sustainable results (Höjer and Mattsson, 2000). For these reasons, backcasting will be used in this framework for the planning of corporate sustainability strategies.

Since each strategy needs an individual and situation-specific design, the starting point in planning a sustainable development strategy is the determination of the contextual factors and the consideration of sustainability aspects on the normative management level. The analysis of the contextual factors gives an indication of the relevance of sustainable issues for the company. On the normative level of management, it has to be clarified to which extent sustainable development and sustainability aspects are an element of the corporate vision, mission statement, and culture. Planning a corporate sustainability strategy requires a shared understanding of the idea and concept of sustainable development. A useful basis for this common understanding is the framework for strategic sustainable development (sustainability principles) and the interpretation of sustainable development in the management theory.

Planning a corporate sustainability strategy should be based on a sustainability-related vision and mission statement. Therefore, before strategy development, it should be clarified how much sustainability is part of the vision...
and mission statement. Regarding the social dimension, balancing relations with stakeholders is essential. Regarding the environmental dimension, protecting the environment and increasing the environmental performance are at the heart of sustainability issues to be considered (Baumgartner, 2010).

Planning a corporate sustainability strategy can be divided into the following phases (Baumgartner, 2010):

- **Defining the basic strategic orientation – passive (introverted) or active (extroverted, conservative, visionary) sustainability strategy?** Based on the contextual factors and the normative foundation, the basic strategic orientation has to be decided, which may be either passive and reactive or proactive. The key decision to take here is between an introverted strategy and the other strategy types. An introverted strategy will be selected if the contextual factors show a minimum relevance of sustainability issues for the company or if sustainability is not part of the normative level. Similarly, companies often unconsciously pursue this strategy if they don’t deal actively with sustainability and consequences of sustainable development for their company. If no introverted strategy is chosen, proceed with the following steps.

- **Setting long-term sustainability objectives and planning of activities using backcasting and forecasting.** In this step, long-term sustainability objectives based on FSSD sustainability principles are determined. The contribution of the company to achieving the objectives of sustainable development in the medium and long term has to be fixed. For this, backcasting is an applicable planning principle using the four FSSD principles to determine the long-term objectives of the company. For each principle, the desired future contribution of the company and the effective date to reach these goals is determined. The further this date is placed in the future, the more ambitious the goals that can be formulated. Based on these long-term goals and based on the specific situation of the company, on the expectations of stakeholders, and on anticipated future developments, strategic measurements and activities have to be designed using classic approaches for strategy development.

- **Defining the active strategy type (extroverted, conservative or visionary) and planning activities, measurements and specific goals.** In the previous step, the long-term goals and strategic measurements were planned. In this step, the strategy is further detailed and the specific strategy type and concrete measurements, activities, and goals are planned. Activities can focus on different action levels, i.e. on the output, the production, the company itself, the product lifecycle or the full participation of the stakeholders. The strategy type and the goals and activities have to support the basic competitive strategy of the company in order to contribute to the strategic position of the company in the market and in order to secure and increase the economic success. Based on this strategic positioning, action plans to achieve the objectives are formulated and appropriate resources and responsibilities are allocated (Laszlo, 2003). It should be noted that these steps are not executed independently, but are connected with feedback and learning loops (Figure 2).

![Figure 2. Phases of corporate sustainability management (Baumgartner, 2010)](image-url)
Operational Management

On the operational management level, the corporate sustainability strategy is implemented, i.e. strategic plans are executed within the company. Here the different corporate functions are in focus, divided for instance into logistics and material management, production, maintenance, marketing, human resources, and communication and public relations. Innovation and continuous improvement are seen as cross-functional areas integrated into the other corporate functions. For each corporate function specific sustainability-oriented activities have to be carried out. These activities depend on the strategy type.

Table 2 shows the different corporate functions with typically relevant sustainability issues; the importance of these sustainability issues is dependent on the selected corporate sustainability strategy.

Normative and strategic objectives and policies have to be implemented in the different areas of the company. If necessary, organizational structures or management processes are adapted or reshaped. The necessary projects and activities in the areas of materials management and logistics, production, maintenance, marketing, communications, and human resources policies are carried out. In parallel, controlling all these activities, including the review of strategic positions, objectives and guidelines, is required.

Combining the Levels to the Integrated Framework for Corporate Sustainability Management

Corporate sustainability management requires the integration of sustainability aspects into the planning, processes, and activities of a company, hence the inclusion into the normative, strategic, and operational levels of management. A sustainability orientation can’t be reached independently from the actual business situation; rather, the contextual factors are essential for the relevance of sustainable development for the organization. Therefore the framework for corporate sustainability management presented consists of the contextual factors and the normative, strategic, and operational management levels.

Based on the assessment of the contextual factors, the appropriate strategic positioning of the company regarding sustainable development is defined. This strategic position can either be defensive and reactive or proactive and active. As a planning principle on the one hand, a conventional strategic planning based on an assessment of external opportunities and risks and the internal strengths and weaknesses, or on the other hand based on the principle of backcasting can be used. Using backcasting allows the definition of a desired future state of corporate contributions to sustainable development based on the FSSD sustainability principles. On the operational management level, sustainability-related activities are implemented in the areas of material management and logistics, production, maintenance, marketing and distribution, communications, and human resources policies. Across all functions, the initiation of innovation and continuous improvement is necessary. Table 3 shows the framework with the different management levels in detail.

<table>
<thead>
<tr>
<th>Logistic and material management</th>
<th>Production</th>
<th>Maintenance</th>
<th>Marketing</th>
<th>Communication and PR</th>
<th>Human resource management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and environmental aspects within the supply chain</td>
<td>By-products, waste, emissions</td>
<td>Minimizing of production losses</td>
<td>Integration of sustainability in marketing strategy (timing, pricing, market segmentation)</td>
<td>Creditability, Transparency</td>
<td>Competence development</td>
</tr>
<tr>
<td>Use of recycled materials</td>
<td>Health and safety Technology, Cleaner Production, Zero Emission Production planning</td>
<td>Sustainability oriented maintenance management</td>
<td>Product declaration, labels</td>
<td>Product declaration, labels, Sustainability reporting</td>
<td></td>
</tr>
<tr>
<td>Supplier assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Integration of sustainability aspects in corporate functions on the operational management level (Baumgartner, 2010)
According to Stone (2006), two different situations regarding the implementation of sustainability activities have to be distinguished: the starting point can either be an internal or an external impetus. Based on this impetus the normative positioning is the first step. Of course, for this normative positioning, the willingness of the top management level to implement a corporate sustainability strategy is an essential prerequisite. This usual way of first normative, top-level-based sustainability planning is expected to be the normal situation. The other situation is that top management is not interested in corporate sustainability activities. In this case it is not possible to integrate sustainable development on the normative management level. However, in business practice it is often the case that new initiatives are launched on lower management levels. If lower management can prove that these initiatives have been successful, usually top management will also accept and support these initiatives. In this situation a so-called pragmatic planning approach is useful whereas after the identification of the contextual factors, the corporate sustainability strategy is planned (Baumgartner, 2010). Ideally, after a first round using the pragmatic planning approach, top management is open to an adaptation on the normative management level. An important aspect is to enable feedback and learning loops between the different levels and phases, i.e. the experience of the operational levels is transferred back to the strategic and normative level as well as the experience of the strategic level being transferred to the normative level. Figure 2 shows the sequence of the different phases of corporate sustainability management.

### Instruments Supporting Corporate Sustainability Management

Management instruments are used to support management activities. In the case of sustainability management, in addition to economic aspects social and environmental aspects are also relevant. Identifying and assessing environmental impacts induced from corporate materials and energy flows is an especially important task. Therefore, it is important to have instruments that support the assessment and management of these impacts. The following table summarizes the different management levels and their contextual factors, normative management, strategic management, and operational management.

#### Contextual factors

<table>
<thead>
<tr>
<th>General Business Environment</th>
<th>Low relevance</th>
<th>Middle relevance</th>
<th>High relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>Low relevance</td>
<td>Middle relevance</td>
<td>High relevance</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Low relevance</td>
<td>Middle relevance</td>
<td>High relevance</td>
</tr>
</tbody>
</table>

#### Normative management

<table>
<thead>
<tr>
<th>Vision</th>
<th>Sustainable development is ignored</th>
<th>Sustainable development is an add-on to the existing corporate vision</th>
<th>Sustainable development is fully integrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and mission statement</td>
<td>Sustainable development is ignored</td>
<td>Sustainable development is an add-on to the existing mission statement</td>
<td>Sustainable development is fully integrated</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>Defensive regarding sustainable development</td>
<td></td>
<td>Open minded regarding sustainable development</td>
</tr>
</tbody>
</table>

#### Strategic management

<table>
<thead>
<tr>
<th>Planning principle</th>
<th>Classical strategy planning</th>
<th>Extroverted-trans-formative</th>
<th>Backcasting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability strategy</td>
<td>Introverted conservativ</td>
<td></td>
<td>Visionary</td>
</tr>
<tr>
<td></td>
<td>extroverted</td>
<td></td>
<td>Systemic-visionary</td>
</tr>
</tbody>
</table>

#### Operational management

*Table 3.* Framework for corporate sustainability/CSR with different management levels (Baumgartner, 2010)
task and requires specific management instruments. The main areas for the use of management instruments are providing data about economic, social, and environmental aspects, supporting the development of a sustainable corporate culture, and identifying company-specific opportunities and risks. Data is necessary as a basis for management decisions and for the information of interested parties and stakeholders. Both general and specific management instruments are classified regarding their applicability for corporate sustainability management.

The instruments are analyzed and classified in terms of their applicability and usefulness for corporate sustainability management: the evaluation criteria are the application level, the orientation, and the fit with the specific corporate sustainability strategies. For the criterion of the application level, it is taken into account whether a tool can be used efficiently at the operational, strategic, or normative level. The orientation of an instrument can be internal or external, whereas internal means the focus is on the internal operations of the company and the term external refers to the relationships and impacts of the company outside the

<table>
<thead>
<tr>
<th>Instrument</th>
<th>operational level</th>
<th>strategic level</th>
<th>normative level</th>
<th>internal level</th>
<th>external level</th>
<th>strategy type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive systems</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>extroverted, conservative, visionary</td>
</tr>
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*Table 4.* Classification of management instruments for corporate sustainability management (Baumgartner, 2010)

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company’s boundaries. The fit to one of the corporate sustainability strategy types is based on the usefulness and applicability to plan, implement, or control the strategy with the investigated instrument. Table 4 shows the classification of management instruments (Baumgartner, 2010).

Summary

In this paper, a framework for corporate sustainability management is discussed. This framework consists of different management levels and is supplemented with the classification of management instruments to support planning, implementing, reviewing, and controlling corporate sustainability activities. An integrated framework of corporate sustainability management needs to take into account all three dimensions of sustainable development. The framework provides an integrated overview of the different tasks and action levels relevant for corporate sustainability management and can be used by scholars and practitioners to understand necessary activities and areas for a transition of a company to a sustainable company.

Corporate sustainability can be a source of competitiveness, if the chances and opportunities related to sustainable development can be identified in a proper manner. This paper shows a practicable framework for this task. The general methodology presented can be used for every organizational transition toward sustainable development as it combines proven management instruments with the basic goals and strategies for sustainable development. Nevertheless, corporate sustainability will always be specific for each organization. The managerial implication of this framework is its integrated view on different management levels which supports the generic integration of sustainability aspects into corporate values, strategies, and activities.

Two main features of this framework are the integration of generally accepted sustainability principles derived from the FSSD and the integration of backcasting as a planning principle for sustainability strategies. These features are very important contributions to the discussion about sustainability management and corporate sustainability strategies as they enable a strong link between tangible sustainable development and corporate management. They ensure that corporate sustainability management is about the effective improvement of environmental and social performance in line with economic success.

The idea of presenting a generic framework seems to be at the expense of detailed recommendations for specific sectors. But as the framework combines different steps with management levels, it is applicable to different organizations of different size in different sectors. Identifying the context-specific relevance of sustainable development for the organization and integrating sustainability issues on different management levels is described in a general, but structured manner.

So the focus is not to answer the question ‘why a company should be more sustainable’, but to the answer to the question ‘how a company can be more sustainable’.

References


