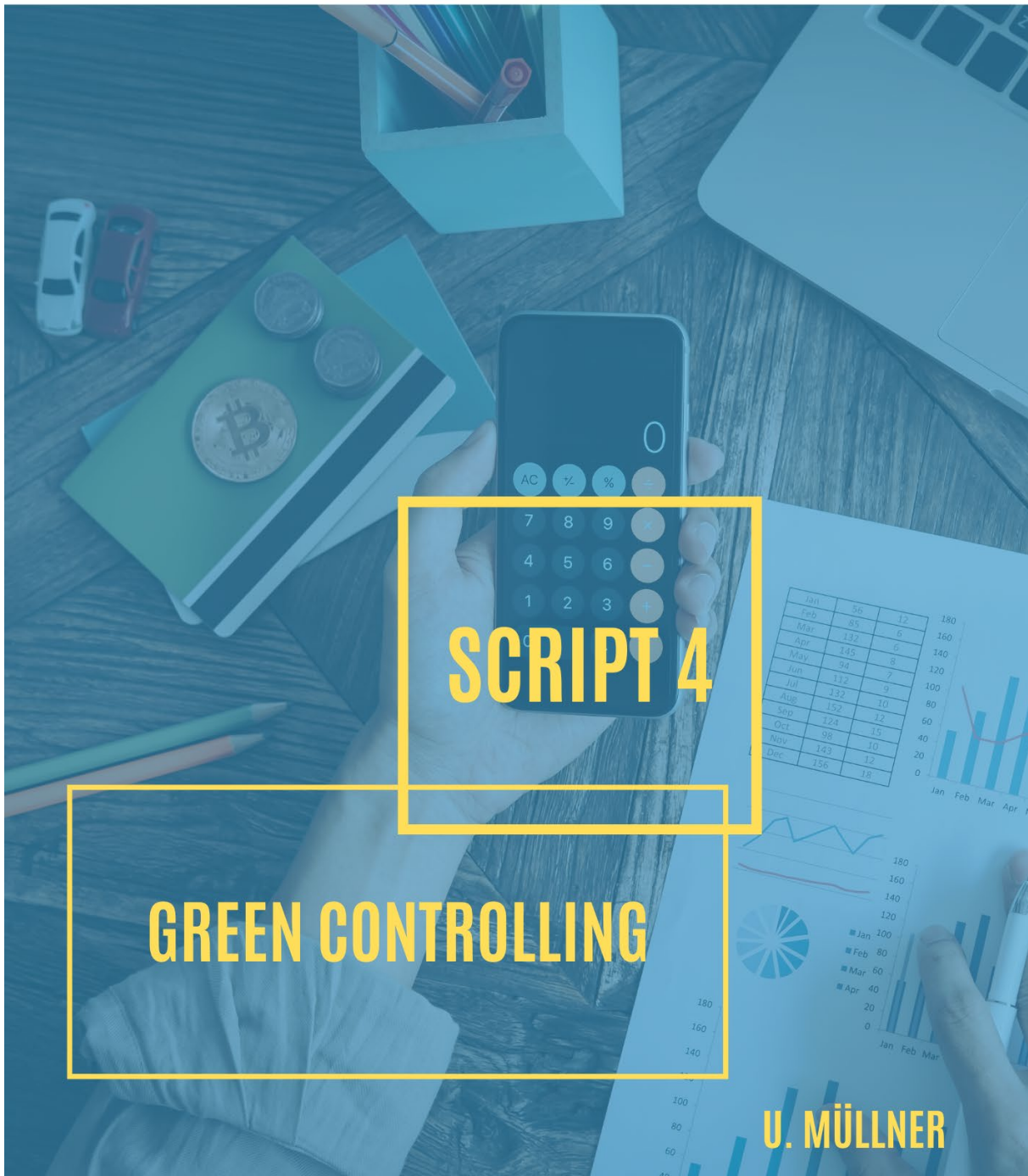


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Script No.4

Green Controlling

How to use this script

There are four different scripts:

Script 1	Script 2	Script 3	Script 4
Management in the Social Economy	Sustainability	Sustainability Management	Green Controlling

Cross-connections between the scripts are pointed out.

This script contains the most important contents of the course Green Controlling. It consists of several chapters containing the theory, learning outcomes and questions to check what has been learned. At the end of the script, you will find a list of references.

Additional to the theory, you can also find different practical examples. The practical examples should give you a more detailed inside into the topics. They are divided into (1) a general description of the social enterprise; (2) a part that deals with the closer discussion of the topic in this enterprise; (3) a part that deals with the connection to sustainability and; (4) one that describes the Sustainable Development Goals (SDGs) in more detail. If you need more information on the SDGs, you will find it in script 2 chapter 4.

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1 Management control in social enterprises

Maximilian Bergdolt, Marianne Skopal, Peter Stepanek

Summary

Controlling means keeping an eye on the organisation's objective and focusing all decisions on their effect. The chapter shows which tasks are dealt with by controlling and how these also differ from management tasks.

Controlling is not only relevant for profit-making companies but it is also becoming increasingly important in non-profit organisations. Special aspects of controlling in social enterprises are shown, as well as which points need to be taken into account in the implementation process.

“Are we doing things right” or “Are we doing the right things”? (Kortendieck & Stepanek, 2019). These are questions that operational and strategic controlling have to deal with and therefore the most important differences are explained. For successful implementation of objectives, they must be formulated and checked regularly. For this process, indicators are needed. Controlling approaches from the Social Economy are presented as examples.

#controlling #management #operational #strategic #key-figure

Learning outcomes

Students should:

- understand the main tasks of controlling and the difference between controlling and management and also operational and strategic controlling.
- apply different management concepts according to the type and size of an organisation.
- apply the requirements for controlling in Social Economy organisations.

1.1 Definitions

“Controlling should take place wherever there are objectives that need to be reached.” (Gänßlen et al, 2012). Controlling means thinking from the objective and directing all decisions towards their effects on success. Gänßlen (2012) divides the main activities of controlling into four areas: planning, calculating, monitoring and control.

This includes every single management decision as well as the management of the entire company. The underlying understanding of the consistent orientation towards objectives implies a long-term and comprehensive perspective that focuses on achieving of the objectives in the long term. In order to ensure long-term success, financial and non-financial aspects must be considered and planned, and all relevant stakeholders of corporate management must be given importance (Gänßlen et al, 2012).

According to Kortendieck & Stepanek (2019), in addition to the clear formulation of objectives, the evaluation of what has been achieved, the analysis of the current status and the development of measures are important parts of controlling.

This can be well illustrated by the following control circle

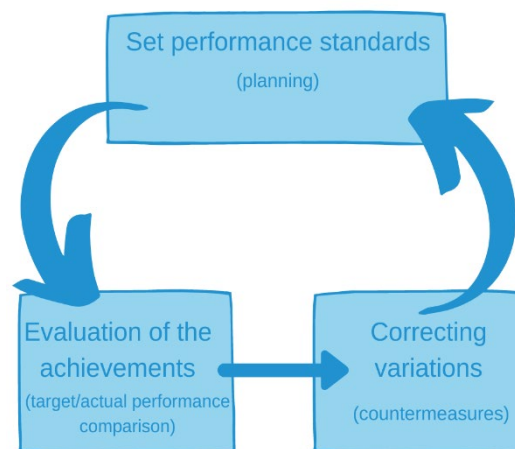


Figure 1: Control circle (own representation based on Kortendieck & Stepank, 2019, p.3)

For Halfar et al. (2014), controlling has three important tasks: Information supply, planning and coordination function, and management support.

The controlling unit supports the management by collecting, processing and compressing information (information supply) and coordinates the various planning and execution systems. It also coordinates individual sub-plans within the system and combines strategic with operational planning (planning and coordination function).

To support the management, controlling works with comparisons of target and actual figures and variance analyses. This helps the management to focus on the objectives and to support the executives in the decision-making process.

Controlling is a management tool and is understood as a task that managers and controllers have to perform together (Kortendieck & Stepanek, 2019). **Without management, there is no controlling** (Gänßlen et al, 2012).

Controllers and managers have different activities and areas of responsibility within the controlling process (Kortendieck & Stepanek, 2019). One important task of controlling is to support managers in the process. The functions of manager and controller exist in larger organisations.

Controllers unburden managers by taking certain tasks off their shoulders (e.g. organisation of planning or providing of information) and complement managers when they act as a business management companion in the team. But they also constrain managers by avoiding inefficient decisions, which are decisions that are to be forced on the basis of divisional and personal interests. With all these different activities, controllers strive to ensure the rationality of management (Gänßlen et al, 2012).

The cooperation between manager and controller in a business partnership must occur "at eye level". Managers are the ones who set the direction, but controllers share the responsibility for reaching the company's goals (Gänßlen et al, 2012).

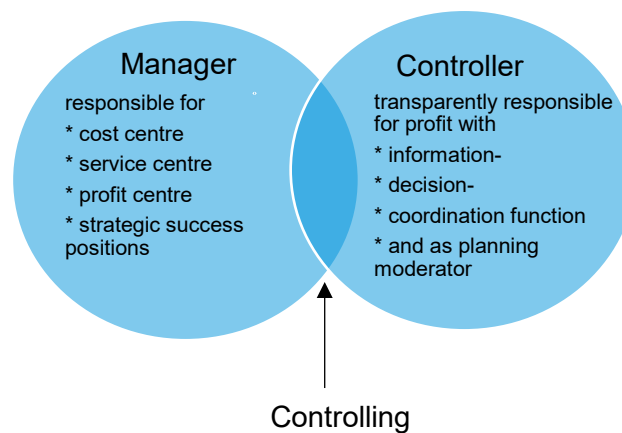


Figure 2: Difference between manager and controller (own representation based on Kortendieck & Stepanek, 2019, p.8 – Source: Weber & Schäfer; 2015, p.4f)

Controlling is not only a topic for profit-making companies; controlling is also becoming more important in non-profit organisations:

- Even non-profit organisations are affected by the complexity and dynamization of the economy.
- They are exposed to increasing pressure to legitimise themselves and succeed.
- They have to take into account more diverse interests as the expectations of funders, donors and members have increased.

- Non-profit organisations are operating in the tension between service demand and the possibilities to meet this need.
- They are increasingly exposed to an economisation of the Social Economy.
- The different stakeholders and objective types (performance objectives, financial objectives) also need or require different information.

1.2 Controlling concepts

Controlling concepts can be very different and the diverse concepts of controlling use different theories to explain themselves. Therefore, a wide range of controlling concepts exists.

The focus is on one of the following aspects (Kortendieck & Stepanek, 2019; Rieg, 2020):

1. Controlling as information supply for the management (decision-oriented view)

In this concept the main task of controlling is to produce information for the management through reports and operating figures. To achieve this, cooperation with the accounting and IT-department is necessary. The controlling department provides target-performance comparisons, cost and investment calculations and KPI analysis (Halfar, Moos & Schellberg, 2020).

2. Controlling as coordination for the management (coordination-oriented view)

In this concept controlling acts as a coordinator of management systems and organises the tasks of planning, control, and information supply to increase the organisation's likelihood of success and ability to react to changing environmental conditions.

3. Controlling to ensure the rationality of management (rationality-oriented view)

The main task of controlling is to increase the probability of correct decisions and ensure management profitability. For this purpose, certain information will be provided so that appropriate decisions can be made by management.

4. Goal-oriented controlling

In order to steer the company in a certain direction, management must make decisions based on goal-oriented planning and implement these decisions in the organisation.

In this concept, the control of the achievement of objectives is the priority and the organisation's success is measured according to this.

If necessary, the objective must be changed or certain measures must be taken to achieve the objective.

Management acts as the motor, while controlling ensures an information supply system, informs the organisation about its goal achievement, asks for reasons in case of goal

deviations and provides instruments for planning and control (Halfar, Moos & Schellberg, 2020).

1.3 Operational and strategic controlling

A difference can be made between operational and strategic controlling. Operational controlling includes short-term planning, whose financial framework is defined by budgets and the planned balance sheet. An organisation's various services or units are evaluated and corrected if necessary. It focuses on the question "Are we doing things right?"

Strategic controlling, in contrast, aims at long-term planning. The strategy is being evaluated in order to be able to make necessary adaptations so that the existence of the organisation can be ensured. The central question is "Are we doing the right things"?

Operational controlling tends to dominate in the Social Economy. This is mainly due to the fact that the pressure on profits and costs is often high and the financial possibilities are limited. But also impact controlling is becoming more important in social organisations (Kortendieck & Stepanek, 2019).

The following overview points out the differences between operational and strategic controlling.

Effect level (Controlling - target system)	Operational controlling	Strategic Controlling
Time horizon	One to three years	Three and more years
Planning horizon	Short- and medium-term planning	Long-term planning
Message	Doing things right (= efficiency)	Doing the right things (= effectiveness)
Directions	Efficiency of the institution, reduction of unnecessary losses, generation of profit or minimisation of losses	Motivating staff for new tasks, future-oriented potential for success and adapting services to new market requirements
Goals	Goals defined: Rentability, profit, higher efficiency, liquidity, impact (outcome)	Goals can be modified: medium- to long-term securing of success for the institution, securing of existence, impact
Short-term effects	Improvement of the short-term profit and liquidity situation	Burden on the short-term profit and liquidity status
Subject	Comparisons of planned/actual data, expenses vs. income,	Opportunities vs. risks, strengths vs. weaknesses,

	costs vs. revenues, expenses vs. income	environmental analyses, evaluation of forewarning signals
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Table 1: Differences between operational and strategic controlling (own representation based on Kortendieck & Stepanek 2019, p. 13 – Source: Kortendieck, 2017, p.18)

1.4 Requirements for controlling in Social Economy organisations

There are also certain requirements so that controlling can be implemented in organisations of the Social Economy more easily (Kortendieck & Stepanek, 2019):

Management ability: A minimum level of management ability at the executive levels has to be given, e.g. like planning, organising, staffing, leadership or understanding of social policy.

Acceptance by stakeholders: Acceptance of the management concept by internal and external stakeholders is important in terms of

- Efficiency in terms of mission fulfilment
- Turning away from the bureaucratic management philosophy
- Consider controlling as a planning and management tool.

Controlling-oriented structure and organisation: Controlling-oriented organisational structure (e.g. planning structure, the structure of cost accounting, reporting) and organisational culture in terms of management, leadership and communication are essential.

Comparison with previous periods: Ideally the figures must be compared with corresponding comparative figures from prior periods.

Size of the organisation: The organisation must have a minimum size for a controlling department to be established (Kortendieck & Stepanek, 2019).

Controlling department has not to be carried out by an own person.

If the requirements for establishing a controlling department are fulfilled, there are still some special conditions and challenges that need to be taken into account for the Social Economy.

These are in particular:

- The limitations by the requirements of various cost centres and sponsors for a financial and quality controlling system.
- Limited decision-making scope due to the requirements of public cost centres and sponsors concerning services, quality and prices.

- Few comparable departments/areas within an organisation with different cost and financing logic.
- The conflict of goals between the social mission (impact objectives) and the financial objectives.
- The decision-making structures in traditional associations (management, board, general assembly) and the thus limited range of action of the management.
- The involvement of volunteers (volunteer management).
- The identification of efficiency and effectiveness, in particular the measurement of impact with stakeholders and the use of proper evaluation criteria.
- The challenge of assessment of qualitative criteria and the need for controlling that is not only based on numbers (Kortendieck & Stepanek, 2019).

Therefore, controllers must have a high degree of social competence. The planning, implementation and communication of controlling measures requires tact and sensitivity from them (Kortendieck & Stepanek, 2019). And especially in controlling in the Social Economy, the controller also has additional tasks to fulfil. The controller helps to prevent focusing too much on social aspects in management decisions by providing countable key figures and information. They also act as a rational counterpart to social workers whose main task is to focus on the clients (Halfar, Moos, & Schellberg, 2020).



Time for a practical example

1.5 Practical example: Caritas Vienna (AT) and Equalizent (AT)

The following practical example compares two organisations - Caritas Vienna and Equalizent.

It will be shown how controlling is carried out differently, due to organisation's size. Caritas is a big organisation, Equalizent is a smaller organisation with only one key activity.

Controlling is becoming increasingly important in non-profit organisations and organisations inside the Social Economy. Having an initial understanding of controlling will be crucial in order to implement Green Controlling and sustainability into the organisation.

1. Descriptions of the social enterprises

Caritas Vienna

Vision/ targets	The main goal of the "Caritas Vienna" is to help disadvantaged people and people in need. By doing that the NPO is following the Christian rules and values
Key activities/ working fields	The organisation offers various types of services. Some examples of those are: <ul style="list-style-type: none"> • Help for families • Services for migrants • Integration projects (disabled people) • Stationary care • Education
Form of the enterprise	association and non-profit limited liability company
Target group/ customer segment	<ul style="list-style-type: none"> • families • migrants • disabled people • Seniors • People who need care
Financing/ cost structure	In the year 2016 the budget of the organisation was € 350 Mio. It was consisted of: donations, earnings through services, subventions and state funding.
Link to social enterprise	https://www.caritas-wien.at/

Equalizent

Vision/ targets	The main target of the social business is to help deaf people and to enable the exchange between deaf and non-deaf people.
Key activities/ working fields	Equalizent offers trainings in sign language for deaf and non-deaf people. They also help the integration of deaf people into the labour market, by offering workshops for clients and they act as a consultant in terms of diversity management and the workplace integration of deaf people. According to the vision the whole business is run by deaf and non-deaf people.
Form of the enterprise	limited liability company
Target group/ customer segment	<ul style="list-style-type: none"> • Deaf people • Non-deaf people • Enterprises
Financing/ cost structure	No data available
Link to social enterprise	https://www.equalizent.com/

2. General information

a) Controlling at Caritas Vienna

The controlling is done in the finance department of the organisation. Because of this, the finance manager is the direct supervisor of all employees working inside the controlling department. Their main tasks are:

- Reporting for Controlling
- Budget (budget responsibility)
- Information for Financier (target/ actual comparison)
- Calculation
- Creation of business plans
- Invoicing

There is also a differentiation in operational and strategic controlling

	Operative Controlling	Strategic controlling
Main Goal	To measure, calculate and rate the short-term processes (1,5 years)	To measure, calculate and rate long term processes (over 1,5 years)
Tools	<ul style="list-style-type: none"> • Contribution margin calculation • Cost centre accounting • Cost unit accounting • Key figures • Budget • Forecast 	<ul style="list-style-type: none"> • Scenario Analysis • Strategic finance planning • Competitive analysis • Portfolio analysis

b) Controlling at Equalizent

The main task of the strategic controlling inside the social business Equalizent is to process internal and external data and compare those to the previously set goals. This is done by using the so-called Diversity Scorecard (an evolution of the BSC – Business Scorecard), which gets updated and presented on a regular basis.

The areas of the Diversity Scorecard differ from a classical Scorecard, as they are:

- Development and organisational learning
- External Perspective (clients and customers)
- Finances
- Internal Perspectives (employees)

An example of a Diversity Balanced Scorecard can be seen in the following:

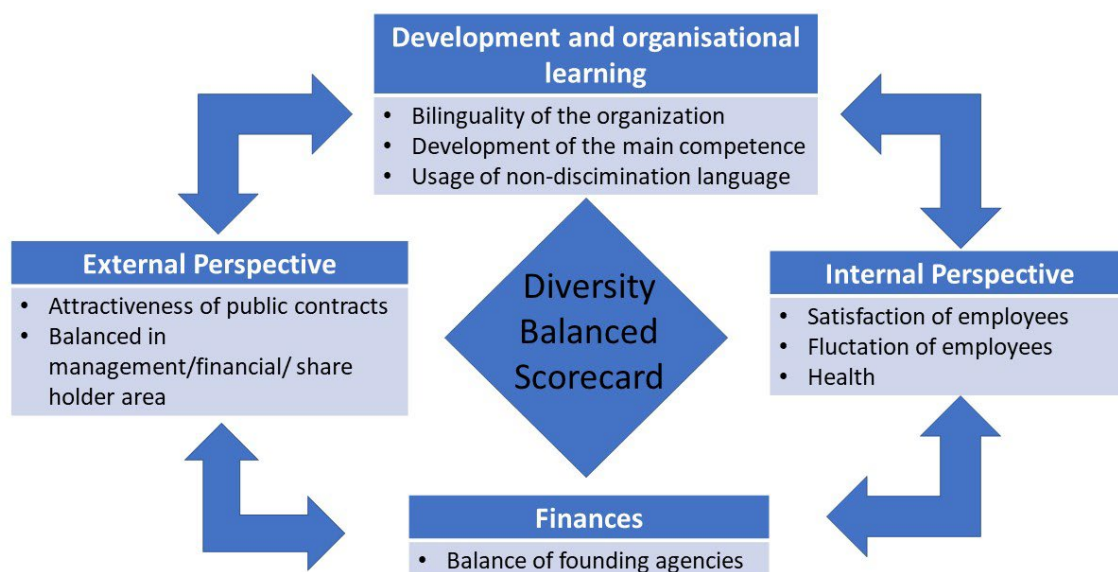


Figure 3: Diversity Balanced Scorecard

The sub-goals of the areas were set in a participative process between management and employees and controlled by previously set indicators.

Also, using a different tool for controlling the main phases remain the same as they consist of: developing (diversity-) goals → defining measures → communicating goals → controlling goals.

c) Comparison of the controlling approaches

As previously described both organisations are using controlling as a management tool. However, the implementation and realisation of the controlling process are defined quite differently by both members of the Social Economy.

While Caritas has founded its own controlling department with specific employees and is differing in strategic and operative controlling, the social business Equalizent on the other hand, is following a more participative approach and is splitting up the task of strategic controlling among all employees.

3. SDGs

Controlling and its use inside the Social Economy mainly refers to the following SDGs:

SDG	Addressed in which way?
GOAL 8 - Decent work and economic growth	One of the targets of this SDG is to sustain a per capita economic growth. As shown in this chapter the implementation of controlling is essential to achieving sustainable economic growth.
GOAL 12 - Responsible consumption and production	The effective use of resources can be identified as the primary goal of this SDG. Waste should be reduced; product life cycles should be extended, and overall sustainable practices should be implemented in all business sectors. As the rise of effective behaviour can be identified as the main goal of controlling there is a strong link between the implementation of controlling and the responsible use of resources.

Further information on SDGs will be found in script 2, chapter 4 (Sustainable Development Goals).

1.6 Knowledge check

Questions to check what you have learned:

- 1) What are important management tasks?
- 2) Describe the control circle.
- 3) What is the difference between management and controlling?
- 4) Why is controlling also important for non-profit organisations?
- 5) What is meant by “Are we doing things right?” and “Are we doing the right things?”
- 6) Describe the aspects of the different controlling concepts.
- 7) What is the difference between operational and strategic controlling?
- 8) Describe the requirements for controlling in Social Economy organisations
- 9) Name some challenges for controlling in the Social Economy.

2 Management control and Green Controlling

Maximilian Bergdolt, Ursula Müllner, Peter Stepanek

Summary

Since implementing sustainability becomes increasingly important, Green Controlling is an important step towards achieving these goals. It is not a new controlling concept, but the controller must also consider environmental sustainability goals and strategies. In chapter 2.1 the main task of green controllers is described and how ecological aspects must be implemented into the existing controlling tools.

In order to minimise the difficulties in the implementation process, it is necessary to consider some important aspects right from the beginning. Therefore, the clear positioning of the organisation with regard to sustainability comes first and even before the implementation begins. Only when the basics are fulfilled can a successful Green Controlling be introduced.

The tasks and requirements of Green Controlling always depend on the current state of development of the organisation regarding ecological/social sustainability. The individual tasks and the underlying goals are described with the help of the five-step model.

#green #implementation #clear-position #requirements #reports

Learning outcomes

Students should:

- understand the main goals, the tasks and difficulties of implementing a Green Controlling.
- be able to implement a Green Controlling process in an organisation.
- create a Sustainability Balanced Scorecard and be able to apply the structure and different ways of implementing an SBSC in a social enterprise.

2.1 Objectives and key figures

The definition of goals and key figures is an important step that organisations must take. Because only when goals and key figures are defined an appropriate controlling can be carried out later, as they form the basis for it.

As in other companies, controlling in organisations of the Social Economy follows the below-mentioned economic objectives:

- Preservation of liquidity
- Success and a balanced budget
- Improving efficiency and the use of resources
- Increase cost awareness and cost transparency
- Continuation of the organisation (Kortendieck & Stepanek, 2019).

In particular, the following two points are essential for organisations in the Social Economy:

- Improvement of the argumentation position towards external parties (funding bodies)
- Fulfilment of the mission (producing impact).

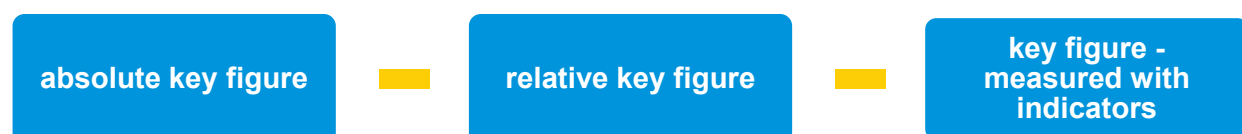
In order to be able to check these objectives regularly, key figures are needed. These are defined on the basis of the objectives.

Key figures are used to present an object in a concentrated, metric form. They always have to be interpreted - e.g., "What does this key figure say about the actual situation?" (Kortendieck & Stepanek, 2019).

There are different types of key figures – absolute and relative key figures.

- Absolute key figures: are easy to collect, e.g., number of clients or total personnel costs.
- Relative key figures: Relative (ratio) numbers are much more informative, and several figures are put in relation to each other, e.g., care hours in relation to the number of employees.

Key figures are also determined for soft data, such as client or staff satisfaction. These data can only be measured indirectly with the help of indicators (ordinal measurement) (Kortendieck & Stepanek, 2019).



Objectives should be easy to collect and designed by the SMART-System (Broom et al, 1998).

SMART means:

- **S** – specific: Which predefined goal should be measured by using a key figure?
- **M** – measurable: What measurable data are used?
- **A** – achievable: Is the measurement of the indicator realisable?
- **R** – realistic: Is the target for the key figure realistic and doable?
- **T** – terminated: For which time period is the key figure measured?

To achieve this the implementation of a sustainability-reporting department into the organisation should be useful if not necessary (Fischer, 2015, p. 66). Also, the employees should be able to influence the key figure. This is called “Controllability” (Burger et al, 2010; Merchant & Van der Stede, 2012).

Examples of some relevant key figures in the Social Economy will be described below (Kortendieck & Stepanek, 2019, pp.33-34). Further key figures with the focus on Green Controlling will be described in chapter 3.1.2 Environmental key figures.

Target figure	Calculation of key figure (formula)	Description
Personnel costs per day of care	$\text{personnel cost} = \frac{\text{personnel cost}}{\text{day of care}}$	It shows how much personnel costs are required for one day of care. The key figure is used for time series comparison (change within time periods, such as month or year) and intercompany comparison.
Personnel intensity	$= \frac{\text{personnel cost}}{\text{turnover}} * 100$	This key figure shows how high the share of personnel costs in turnover is in percent.
Overtime rate	$= \frac{\text{overtime hours}}{\text{Planned working hours}} * 100$	This indicator shows the overtime rate. If it is high or increases over a period of time, it points to a staffing (cost) problem.
Profit (balanced budget)	$= \text{turnover} - \text{expenses}$	It shows how high the annual profit is. For non-profit enterprises, the aim is usually to achieve a balanced budget.
Productivity	Total services (e.g., care or nursing hours) in relation to the number of employees or	It indicates how high the service capability of the organisation is and how much the employees contribute to the organisational success.

	number of counselling cases per employee or number of clients served	
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Table 2: Examples of relevant key figures (own representation based on Kortendieck & Stepanek, 2019, pp.33-34)

Key figures should ideally be standardised and accepted so that a comparison with other organisations is possible (ICV, 2014, pp. 59ff.). So, the use of an established reporting standard is advisable.

The following aspects should be considered when it comes to the definition of key figures (Neely et al, 2002):

- Truth Test: the key figure is valid
- Focus Test: only relevant aspects are measured
- Relevance Test: the result is correct
- Consistency Test: the results of the measurement for the key figure are consistent
- Clarity Test: there should be no room for interpretation of the key figures while analysing them
- Source Test: the source of the data should be reliable
- Timeless Test: key figures are as current as possible
- Cost Test: the key figures are easy to collect
- So-What Test: if key figures are missed, there should be certain counteraction available
- Continuous Test: the key figure can be collected at any time
- Gaming Test: the key figure does influence the behaviour of the employees.

2.2 Green Controlling

Green Controlling, also known as Ecological Controlling, Eco-Controlling, CSR-Controlling or Environmental (Management) Controlling (Günther, 1994; Hallay & Pfried, 1992; Günther, Endrikat & Günther, 2016) is an emerging topic in all business areas. Implementing of all aspects of sustainability - ecological, social, and economic - is becoming increasingly important for stakeholders of (social) organisations and companies such as customers, politicians, and investors.

Voluntary in the early 2020, it will become more and more regulated with the Corporate Sustainability Reporting Directive (CSRD) published by the EU Commission. This directive not only provides for an extension of the reporting obligation to further companies as well as an audit obligation, but also announces the development of European Sustainability Reporting Standards according to which the reporting has to be carried out. It replaces the existing Non-Financial Reporting Directive (NFRD) targeted only at the big players European Union (2022).

Green Controlling is not a new controlling concept that changes the main tasks and goals of the controller; it just adds the process of ecological sustainability and its goals and strategies to the bucket list of the controller (ICV, 2014). It is an additional tool for the planning and controlling the different sustainability goals. Its main goals are to implement ecological aspects into the already existing controlling concept of the organisation, to prove the economic benefits of ecologic strategies and to control the set goals in this area (Sesler & Georg, 2020). In order to meet these new requirements, key figures (indicators) for the field of environmental sustainability must be created, instruments need to be adjusted and strategies must be chosen.

The overall goal of Green Controlling is to enable the management's objective and transparent handling of ecological topics (Sesler & Georg, 2020). Therefore, the main tasks of "Green Controllers" are (Isensee & Michel, 2011, pp. 436 - 442; Stehle & Steklens, 2018, p. 5; Torunsky, 2018, p.3):

1. To identify chances and risks of the implementation of ecological sustainability into the organisation.
2. To prove the economical use of ecological sustainability strategies.
3. To provide Green investment calculation.
4. To provide Green competition analysis.
5. Analysation of the success factors for a green image of the organisation.
6. The adjustment of the instruments and methods of controlling to deal with the new "Green" topic.
7. Supporting the innovation process of the organisation.
8. To controll the green compliance of the organisation.

Table 3: Main tasks of green controllers (own representation based on Isensee & Michel, 2011, pp 436–442; Stehle & Steklens, 2018, p. 5; Torunsky, 2018, p. 3)

The demand for "Green" products is increasing nowadays. In combination with legal and political regulations and the importance of corporate governance the recognition and implementation of environmental sustainability must happen and is already happening in all business areas. In order to achieve this "Green Controlling", it will be necessary (if not essential) to build a bridge between environmental and economic success and measure both of them (Scheffner & Pham Duc, 2015; Selser & Georg, 2020).

2.3 Process of implementing Green Controlling

The implementation of Green Controlling aspects can be faced with some challenges. Therefore, it is vital to expect difficulties that may arise during the implementation and be prepared to overcome them. The following process shows which different aspects need to be considered and which phases are important for the realisation.

First, a **clear position** on the organisation's sustainability needs to be defined.

- This can be done by formulating a sustainability strategy for the organisation or a vision/mission statement in relation to sustainability (Stehle & Stelkens, 2018, p.5; Sesler & Georg, 2020, p.112).
- The position of controlling within the organisation must also be clearly defined and the necessary IT systems for generating and analysing data have to be in place. (ICV, 2014, p. 48f.)

If these basics are fulfilled, the **strategic planning phase** can begin. The aim is to support the organisation's management in implementing the defined goals in a sustainable and good way in the long term. This requires the identification of existing and new potentials to be able to be successful.

The expectations of the different stakeholders and the needs of the organisation's needs have to be compared and the chances and risks of the selected sustainability goals have to be evaluated.

Another important question which needs to be answered in this phase is how sustainability can be implemented and operated in the organisation (ICV, 2014).

In the **strategic analysis phase**, the organisation's most important sustainability issues are identified through various analytical tools. The use of e.g. SWOT (Strengths, Weaknesses, Opportunities, Threats) or PESTEL (Political, Economic, Social, Technological, Environmental, Legal factors of influence) is well suitable for this (ICV, 2014).

The results are put into a matrix to select the most relevant issues for the organisation. Then, based on the results, the main areas are selected.

The SWOT analysis is a process that connects the internally oriented analysis of strengths and weaknesses with the externally oriented analysis of opportunities and threats. The analysis of the existing strengths and weaknesses of an organisation is an important step in the strategic analysis phase. The collection of the necessary information is usually simple and, therefore, this form of analysis is often used (Kortendieck & Stepanek, 2019).

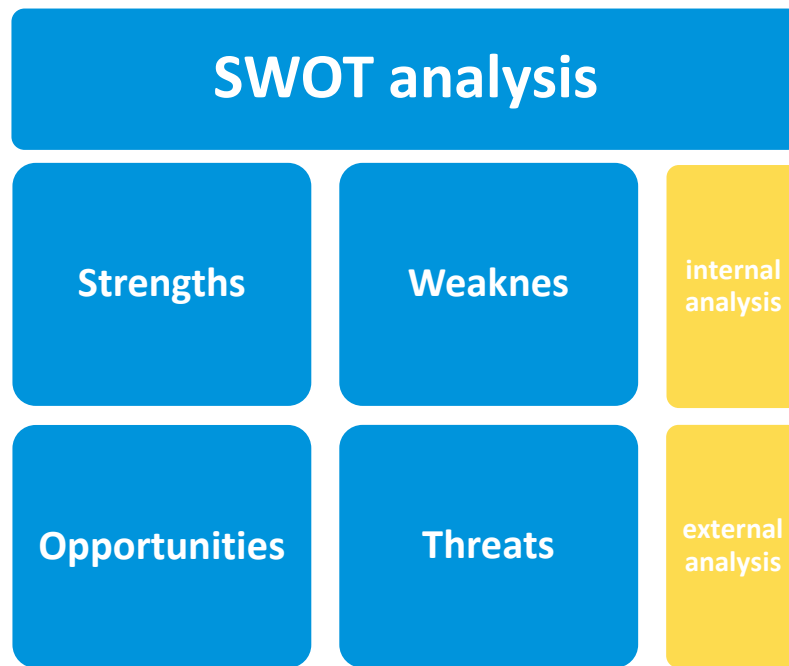


Figure 4: SWOT analysis (own representation based on BWL-Lexikon)

Internal, environmental and external stakeholder expectations should also be considered in the analysis (ICV, 2014, pp. 52ff.).

Based on the strategic analysis phase, specific goals and measures get selected and measurands, target values and strategic measures get defined (**Operationalisation of strategic goals and measures**).

As an instrument, the **Balance Scorecard (BSC)** can be used. The BSC shows goals and achievements from four different perspectives: Financial, Customer, Process as well as Learning and Development.

In addition to the BSC, using of the **Sustainability Balanced Scorecard (SBSC)** is particularly useful for Green Controlling, as it also takes the aspects of sustainability into account sufficiently. Detailed information on SBSC can be found in chapter 2.3.1, Fictional Example: Sustainability Balanced Scorecard (SBSC).

Another important topic in this phase is the selection of key figures. These can be based on already existing and generally known standards, such as the GRI – Global Reporting Initiative. More details on existing reporting schemes will be found in script 3 (Sustainability Management, chapter 2 Sustainability Reporting).

In order to generate its own and reliable key figures and also indicators, a reporting and accounting department must be implemented in the organisation and probably such a department already exists for regular controlling. However, the data needed for implementing green aspects in controlling differs from the data needed so far for regular controlling.

Therefore, the reporting system must also be modified to meet the new requirements, so that the key figures can be collected well.

Based on the selected key figures the controller must provide **reports for the management** in order to support the decision-making process.

Overview – process of implementation



2.4 Tasks and requirements

The tasks and requirements for Green Controlling depend strongly on the current stage of progress of the organisation towards becoming a holistic "green" organisation.

This progress is described by the following five-step model, which also provides individual tasks for Green Controlling depending on organisation's status. Different goals are followed when implementing the individual steps.

1. Green Compliance: In the first step of the model, the main goal for the organisation is to achieve green compliance by meeting the legal and political conditions. The main task of the controlling department during this period was to create transparency about the resources used. They should also analyse the risks and opportunities of implementing different green strategies for the organisation.

The goal here is to promote innovation by surpassing legal and political conditions.

2. Implementation of sustainability into the value-added chain: After achieving green compliance, the organisation should focus on implementing environmental sustainability in the value chain. The main tasks of the controlling department are the analysis of the direct and non-direct environmental impacts of the organisation and the creation of incentives (systems) and obligations for all members of the value chain.

The goal is to increase the sustainability inside the value-added chain.

3. Development of sustainable products and services: The third step to a holistic green organisation is the creation and transformation of already existing products and services into sustainable products and services. The task of controlling in this phase is to evaluate products and services and to analyse the customers'/clients' willingness to pay.

The goal is to develop sustainable products and services.

4. Implementation of green business models: In this step, new "green" business models must be implemented in the organisation. The controlling department analyses the risks and opportunities of these models to ensure a rational decision.

The goal is to change the competition by implementing new added-value ways and creating customer benefit.

5. Open up new markets: In the final phase of the transformation to a green organisation, new markets must be developed and new "green" customers must be acquired. The controlling department closely observes the market and prepares analyses of the competition and demand for green products.

The goal is to question the modern (social) economy and open up new markets for sustainable solutions (Schrader & Vollmar, 2013; Sesler & Georg, 2020).

Overview – Controlling requirements

Green Compliance
<ul style="list-style-type: none"> • transparency about used resources • measure and rate chances and risks / as well as costs and use
Implementation sustainability in into the value -added chain
<ul style="list-style-type: none"> • transparency about the environmental impact of the value-added chain • create incentives for change
Development of sustainable products and services
<ul style="list-style-type: none"> • new products and services • Analyse willingness to pay among the clients • Ecological pricing
Implementation of green business models
<ul style="list-style-type: none"> • rate new green business models • Create incentives for implementing green business models

Open up new markets
<ul style="list-style-type: none"> • sustainable market analysis • sustainable business plans • sustainable investment calculation

Table 4: Five-step-model for ecological sustainability (own representation based on Sesler & Georg, 2020, p. 121)



Time for some practical examples

2.5 Practical examples

2.5.1 Fictional example: Green Controlling

The aspects of Green Controlling are described as a fictional example. The fictitious organisation provides private tutoring for schoolchildren and young people with learning difficulties.

Nowadays, most of the learning assistance is done online.

1. Description of the social enterprise

Vision/ targets	<p>The main objective of the organisation is to provide learning support to schoolchildren and young people with learning difficulties.</p> <p>The tutoring is done by other and/or older students or even student teachers. This strengthens social interaction and personal skills.</p> <p>At the same time, there is also an exchange between the students and it is an alternative to private lessons, which are often expensive.</p>
Key activities/ working fields	<ul style="list-style-type: none"> • Learning support for schoolchildren of all levels • individual offers according to requirements • peer-to-peer support
Form of the enterprise	Association
Target group/ customer segment	<ul style="list-style-type: none"> • schoolchildren and young people in the age group 6 - 18 years • Parents (Legal guardians) of the schoolchildren and young people
Financing/ cost structure	Membership fees, course fees and state funding

2. General information

a) Main statement

The implementation of Green Controlling is also becoming more important also for social organisations. In addition to the controlling activities already carried out, further measures must be taken to achieve the sustainability goals.

As the organisation is strongly engaged in social sustainability aspects, it was also crucial for the management to implement Green Controlling in the organisation and create an environmental mission statement.

The management decided to make this process very transparent. Therefore, in the first step, all employees, as well as students who work as trainers and the target group of schoolchildren, were motivated to take part in this process and name relevant topics.

In the next step, the following main areas were identified in which the organisation would like to work on environmental sustainability in the future. These are: reduction of energy consumption with regard to the online sessions, ecological procurement and environment-friendly mobility.

Based on the defined areas, measures were defined to achieve appropriate reductions. A control system was installed to check the feasibility of the implementations and to monitor the measures on an ongoing basis.

The organisation produces an annual sustainability report and publishes it on the website. This report presents all the measures that have been implemented and the resource reductions that have been achieved. In addition to the measures implemented in the area of environmental sustainability, the report also presents the measures implemented by the organisation in the area of social sustainability.

b) Connex and Contribution to sustainability

For each of the defined goals – energy reduction/ecological procurement/environment-friendly mobility - the following measures will be taken.

Energy reduction

- A reduction of 10% in energy consumption for electricity and heating is to be achieved.
- The current energy consumption was determined.
- The total energy consumption for electricity and heating is monitored each year and compared with the previous year's figures.
- Furthermore, a switch to renewable energy sources for electricity should take place.

The controller is responsible for identifying the current status and calculating the relevant key figures.

Ecological procurement

- Analyse the current situation: which products are purchased and in what quantities.
- Research if individual products can be reduced, e.g. paper consumption, consumption of cleaning agents.
- Switch to ecological procurement and purchase of environmentally friendly and certified products.

Here, the controller is also responsible for collecting the data and making suggestions for improvement.

Environment-friendly mobility

As there are hardly any business trips and most of the service (private lessons for students) is provided online, the environmental impact in terms of mobility is low.

However, the following measures will be implemented:

- Only public transport is used for their business trips.
- Employees who can prove that they use public transport will receive support for their tickets.
- A sheltered bicycle parking area will be built in the courtyard of the office building.

The controlling staff records the business trips annually and compares the values with previous years' ones. The employees' ways of travelling to the office are also determined in order to plan future improvements.

3. SDGs

The practical example contributes to different SDGs. The most important ones are:

SDG	Addressed in which way?
GOAL4 – Quality Education	Students are provided with learning support and the organisation offers an alternative to expensive private lessons.
GOAL 8 – Decent Work and Economic Growth	By providing low-threshold support for learning disabilities and peer support, schoolchildren and students have the opportunity to complete an education according to their talents.

GOAL 12 – Responsible consumption and production	Ecological procurement helps to reduce environmental impacts. Within the organisation, numerous measures have been taken regarding green procurement. As a result, mainly ecological products (such as environmentally friendly paper) are used and consumption has been reduced.
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2.5.2 Fictional example: Sustainability Balanced Scorecard (SBSC)

1. Description

As the usage of the Sustainability Balanced Scorecard is not that common among social enterprise the following pages will show you a fictional example.

2. General information

a) Main statement

The concept

The Sustainability Balanced Scorecard (SBSC) is based on the classic Balanced Scorecard but expands the concept by including aspects of sustainability (social, ecological, economical). The overall goal of the SBSC is to implement sustainability into the organisation’s management by measuring the dimensions of sustainability through key figures and indicators. Those can be created by the organisation or can be based on international reporting schemes like the GRI.

In our fictional example, a kindergarten wants to become “Green”. Their main goals are to reduce plastic waste, reduce the consumed energy and implement the lifelong learning concept into their organisation to make sure, that their employees will be trained well. They also want to be seen as a “green kindergarten” by the public. The management of the kindergarten is already using the BSC and is now looking to transform this management tool into a tool for sustainability management by adapting a Sustainability Balanced Scorecard.

The structure

The BSC can be transformed into the SBSC in mainly two different ways.

1. By implementing the aspects and indicators of sustainability into the regular BSC.

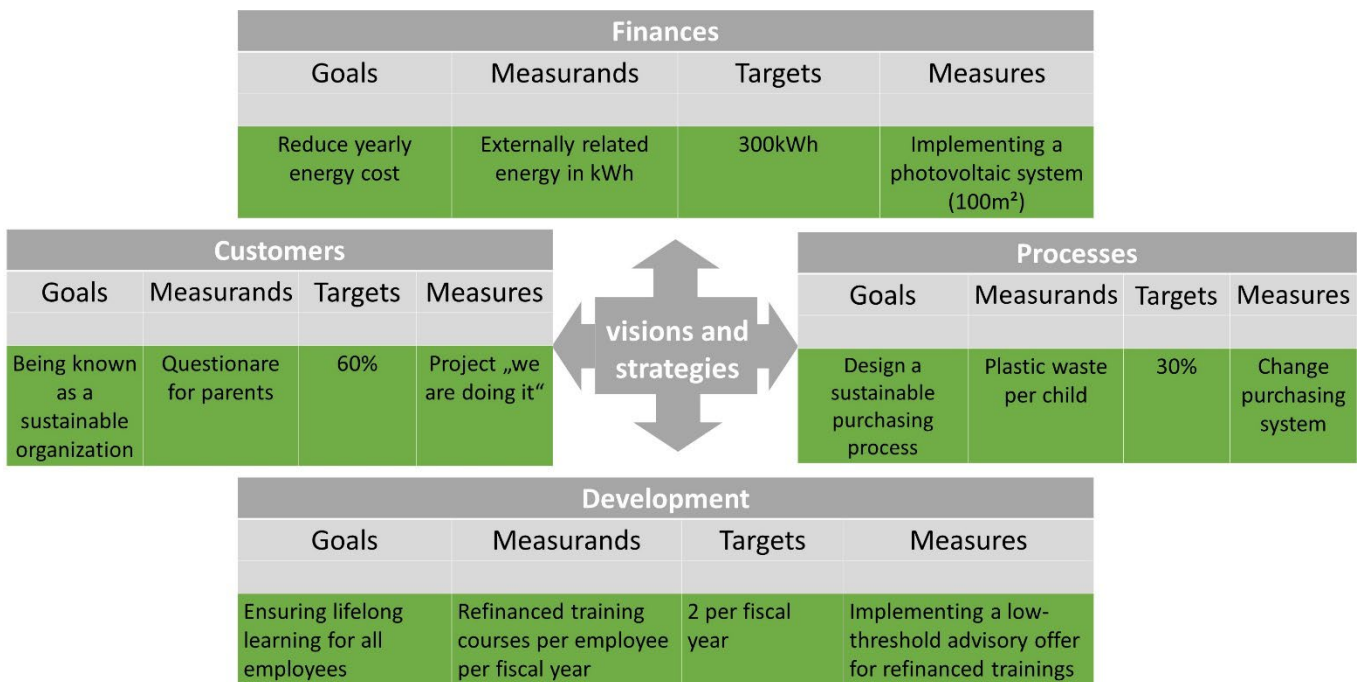


Figure 5: Balanced Scorecard

In this case, the kindergarten must implement certain “green” indicators into the already existing structure (finances, processes, customers/clients and development) of the previously used BSC. In our example the management decided to settle on the following goals.

- **Finances:** Reduce the yearly energy costs by implementing a photovoltaic system. The goal is to only consume 300 kWh per fiscal year while the rest of the energy should be produced by the Photovoltaic system.
- **Processes:** The kindergarten wants to design a sustainable purchasing system. The main goal is to reduce the amount of plastic waste which is produced in the kindergarten. The target is to produce 30% less waste compared to the last fiscal year.
- **Development:** The kindergarten wants to ensure the process of lifelong learning for its employees. They are looking to achieve this by financing at least two training courses per employee every fiscal year. The main action to accomplish this is to implement a low threshold offer or refinanced training.
- **Customers/Clients:** The management wants the kindergarten to be considered as a sustainable organisation by the general public. In order to achieve this a project (“We are doing it”) was developed, which tries to show the SDGs addressed by the organisation. The goal gets measured by analysing the questionnaires which the new clients must fill up. The overall goal is to get 60% of the new clients to answer the

question “what do you know about our concept” with “you are a sustainable organisation”.

2. By expanding the classic BSC Dimensions by dimensions about sustainability.

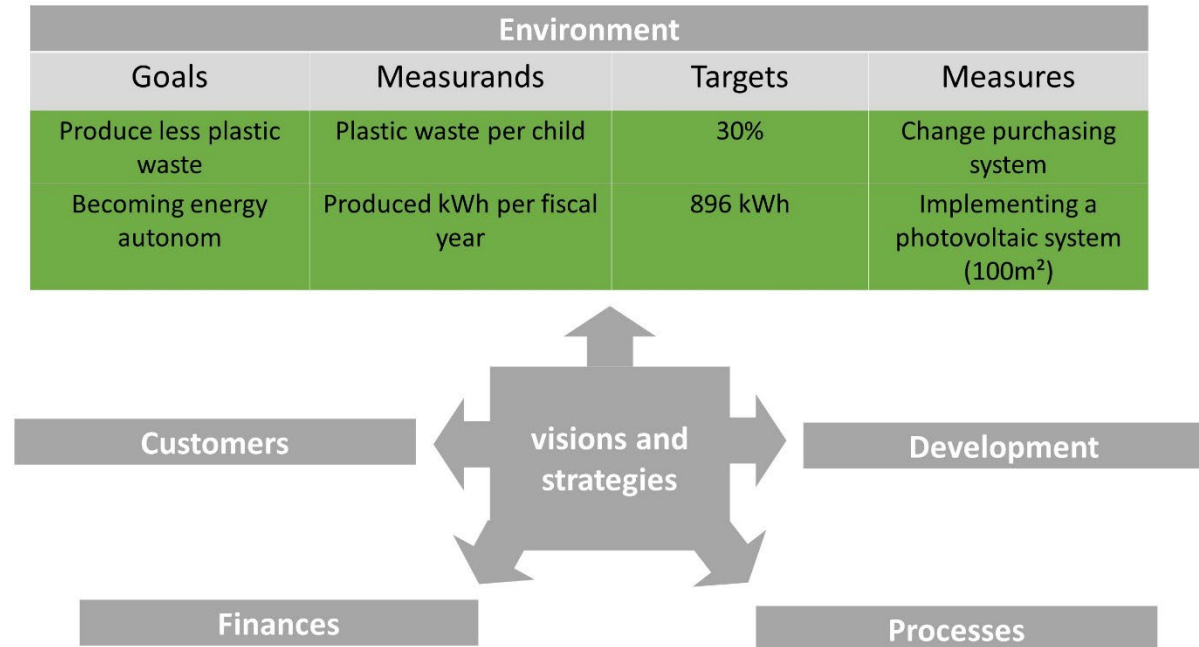


Figure 6: Sustainability Balanced Scorecard

The other option to implement green aspects into the BSC is by adding other dimensions to the already existing BSC. In our example the kindergarten is adding an environmental dimension. Their main goals inside the dimension are:

- Becoming energy autonomous by implementing a photovoltaic system. The goal is to produce 896 kWh per fiscal year.
- Produce less plastic waste. The kindergarten wants to design a sustainable purchasing system, whose main goal is to reduce the amount of plastic waste produced in the kindergarten. The target is to produce 30% less waste compared to the last fiscal year.

b) Connex and Contribution to sustainability

The SBSC contributes to sustainability by helping (social) enterprises to implement sustainability into their management system by setting certain goal and defining measurands, targets and measures. In our example the implementation of the SBSC contributes to sustainability by reducing the consumed energy and plastic waste by the organisation and by ensuring lifelong learning for its employees. It also educates the general public about the importance and practical implementation of the SDGs.

3. SDGs

The Sustainability Balanced Scorecard does mainly address the following SDGs:

SDG	Addressed in which way?
GOAL 8 - Decent work and economic growth	By implementing sustainability into the management of an organisation the sub-goal of improving global resource efficiency gets supported. As the sustainability dimension also contains social aspects the sub-goal of reducing forced labour and child labour is also supported.
GOAL 12 - Responsible consumption and production	One sub-goal of this SDG is to achieve sustainable management and the efficient use of natural resources. This goal is directly linked to the implementation of green controlling or the SBSC as the main goal of both concepts is to implement sustainability into organisation's management.

Depending on the chosen indicators and goals a vast number of SDGs can be addressed by the implementation of the SBSC. Those are mainly:

- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 5: Gender Equality
- SDG 6: Clean Water and sanitation
- SDG 7: Affordable and clean energy
- SDG 10: Reduced inequalities
- SDG 13: climate action
- SDG 14: Life below water
- SDG 15: Life on land

The SDGs addressed by our example are marked in green colour.

2.6 Knowledge check

Questions to check what you have learned:

1. Name the different types of key figures!
2. What data is collected using indicators?
3. What is meant by SMART-system?
4. Name some relevant key figures in the field of Social Economy.
5. What other terms are used for Green Controlling?
6. What are the main goals of Green Controlling?
7. What does the process look like implementing Green Controlling in an organisation?
8. What do the terms BSC and SBSC mean and what is the difference?
9. Can you explain the five-step model?
10. What is the main requirement for Green Controlling?

3 Green Controlling in social enterprises

Alexandra Annatour, Maximilian Bergdolt, Vera Besse, Ursula Müllner, Marianne Skopal

Summary

The following chapter describes various important goals for Green Controlling and shows how they can be identified.

Based on the definition of goals, corresponding key figures are determined, which are then used. Therefore, some key figures for Green Controlling are described then and shown how they can be calculated.

The determination of indicators must be done individually in each organisation. However, if standardised reporting systems are used, this simplifies the work and a comparison with other organisations is easily possible.

The Common Good report is presented in detail as an example of Green Controlling for social enterprises. By applying the Common Good report, an organisation is evaluated on the basis of the 20 Common Good themes.

#environment #goal #key-figure #calculation #common-good-report

Learning outcomes

Students should:

- understand the different types of key figures in a social organisation and be able to create environmental and social key figures and evaluate them.
- understand the most important topics of the Common Good report in terms of ecological, social/health and economic sustainability.
- apply the Common Good report in a social organisation.

3.1 Environmental goals and key figures

As described in Chapter 2, goals must first be specified for the different areas of sustainability - environmental, social/health, economic. Based on these goals, corresponding key figures will be defined.

How the development of goals can be done is described below in chapter 3.1.1, using the development of environmental goals as an example.

Chapter 3.1.2 describes various key figures and indicators that can be used for Green Controlling in (social) enterprises based on the defined environmental goals.

3.1.1 Environmental goals

The area of environmental sustainability expresses the perceived corporate responsibility towards the natural environment. The most important goals are the conservation of resources and the preservation of the natural environment.

Therefore, important ecological goals are:

- The **protection** of vital biospheres **water, earth** and **air**.
- The **protection** of **biodiversity**.
- The **reduction** of **emissions** that contribute to climate change (CO₂, SO_x, NO_x, Volatile Organic Compounds (VOC)) or have a **toxic effect**. Associated with this topic, for example, is the switch to renewable (non-fossil) energy sources and materials.
- **Noise** and **vibration** reduction.
- A proper **waste** and **wastewater** treatment (for e.g. prevention of eutrophication and heavy metal contamination of the environment).
- Creation of environmentally sustainable **consumption habits** (for e.g. lower energy and material consumption).
- Containment of **hazardous substances**.

In the following, two main approaches are presented to find suitable environmental goals for an organisation:

1. TOP-DOWN or OUTSIDE-IN

This approach is based on global requirements and social needs. These targets

- can be based on external needs of organisations / companies or global requirements (e.g., international strategies) and
- are developed and created based on scientific evidence, external data and the background of societal needs served by the organisation.

For this purpose, mission statements and main goals are usually taken from a higher level, e.g., political decisions. From these sub-goals, key performance measures and operational measures are developed. Subsequently, organisations can also generate strategies, goals, and operational measures from these main goals.

The best example is the UN SDGs as an international goal.

Example

SDG 13: Climate action - Take immediate action to reduce climate change and its impacts.

The European Commission Eurostat indicator shows at the country level e.g., greenhouse gas emissions, the intensity of greenhouse gas emissions from energy consumption, climate-related economic losses by type of event, or share of renewable energy.

Business indicators can be generated from this, such as greenhouse gas accounting or energy consumption measurements (Eurostat, 2021a).

Example

SDG 15: Life on land - protect, restore, and promote the sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, and halt/reverse land degradation and biodiversity loss (SDG Watch Austria, 2021).

Here, Eurostat indicators show how high the soil sealing index is or how many phosphates are dumped into rivers through wastewater.

Business indicators in this context are, for example, the measurement of built-up areas or number of measures to promote biodiversity (Eurostat, 2021b).

Detailed information on the SDGs can be found in the script "Sustainability" in chapter 4.

2. BOTTOM-UP or INSIDE-OUT

This approach is based on the impact of current organisational goals and activities.

These goals can be

- be defined internally, based on historical data, current trends, and predictions of future organisational performance.
- They are created by comparing the performance and goals of organisations within the sector.

3.1.2 Environmental key figures

Various methods and approaches enable selecting environmentally oriented key figures for individual organisations. Organisations should ask themselves questions about the environmental aspects and determine their effects and possibilities for improvement. It is essential that the organisation can properly assess its environmental performance. The indicators must therefore accurately reflect the environmental performance of the company.

Indicators can be divided into absolute key figures, relative key figures and indicators based on soft data (see also chapter 2.1).

In the area of Green Controlling, key figures are for e.g., quantities of waste, emissions, consumption of natural resources. Absolute key figures answer the question of how much the environment is polluted. Relative key figures could be e.g., water consumption per product produced or service. Relative key figures provide information on the effectiveness of environmental protection measures.

Further, key figures can be categorized into **direct** and **indirect key figures**. Consumption within the organisation is described with direct key figures. However, because resources and energy carriers are already consumed in the supply chain, in the provision of energy, or later in the subsequent use of the product/service, indirect key figures should also be used. Indirect key figures, therefore, describe consumption that occurs outside the company.

Various approaches can be used to determine key figures.

Cause-effect approach

Key figure (indicator) selection is based on identified influencing factors for important direct and indirect environmental aspects of the organisation.



Tools: Stakeholder, PESTEL and/or SWOT analysis

Risk-bases approach

Key figures (indicators) are based on the following identified risk types:

- risks to the ecological environment
- risks to human health
- high financial risks
- or high competitive risks



Tool: Risk matrix

Life cycle approach

It is based on the environmental impacts of a product or service during its life cycle phase (development, production/implementation, use, disposal).



Tools: Life cycle assessment, portfolio analysis; business process analysis, balanced Scorecard

Environmental reporting approach

Statutory or voluntary approach to environmental reporting selects its metrics based on statutory obligations or voluntary reporting commitment.



Instrument: Statutory register and/or application of a reporting standard

As described in Chapter 2.1 Objectives and key figures, there are different types of key figures: absolute key figures, relative key figures and key figures, measured with the help of indicators.

The table below lists some key figures specific to the environment.

Area	Description	Calculation of key figure (formula)
Material	Recycling rate	$\frac{\text{recycled material}}{\text{total material}}$
Material	Share of environmentally friendly (certified) products and/or services	$\frac{\text{quantity of certified products}}{\text{total amount of products}} * 100$

Energy	Energy consumption	total amount of energy consumption e.g., for one year
Energy	Energy efficiency	$\text{energy input (kWh)}$ $= \frac{\text{total production or services in units}}{\text{total production or services in units}}$
Energy	Heating energy input per heated area Heating costs per heated area	$\text{total amount of heating energy (kWh)}$ $= \frac{\text{total amount of heating energy (kWh)}}{\text{Total amount of heated area (m}^2\text{)}}$ $\text{total cost of heating energy (€)}$ $= \frac{\text{total cost of heating energy (€)}}{\text{total amount of heated area (m}^2\text{)}}$
Water	Water use efficiency	$\text{water consumption in litre}$ $= \frac{\text{water consumption in litre}}{\text{total services in units (clients)}}$
Waste	Waste categories and amount of waste	Number of different waste categories and amount of waste e.g., for one year
Traffic/mobility	Transport means and routes and the resulting greenhouse gas emissions	List of different means of transport and routes in km and calculation of the resulting greenhouse gas emissions
Biodiversity	Impacts by the organisation	Records of positive/negative impacts by the organisation

Table 5: Environmental key figures

Sometimes it can be difficult to find consumption data for waste, water, etc. when measuring key figures. Especially smaller organisations that do not have their own buildings or rent space often have difficulties in getting concrete data. In this case, it is possible to work with estimated data and, for example, compare the consumption of water to the office space used.

In chapter 3.3 Practical example: Herzogsägmühle (DE), concrete environmental key figures for this organisation can be found.

3.2 Social goals and key figures

As already mentioned before, implementing Green Controlling in an organisation requires the definition of measurable sustainability goals and indicators in all three dimensions of sustainability. In the following, some possible goals in the field of the social dimension, as well as key figures, are presented.

The economic dimension will not be discussed in detail here, as economic goals and key figures can also be allocated to the area of general controlling.

Social organisations have a social mission and therefore have a social effect. Social sustainability focuses on the impact that the activities of the organisation have on internal and external stakeholders. Defined goals can be very diverse and examples are:

- Supporting diversity (e.g. increasing diversity among board members and employees).
- Training and further education of employees
- Selecting suppliers according to social aspects
- Measures in the area of a family-friendly workplace (e.g. possibility of part-time work and parental leave)
- Supporting the health of employees with projects in the area of workplace health promotion (Stepanek, 2022).

Based on the setting of different goals to be implemented in the field of social aspects by an organisation, key figures and indicators are defined. This makes it possible to check and control the goals within the framework of Green Controlling.

In the table below some key figures specific to the regarding social sustainability are listed (Stepanek, 2022).

Goal	Key figure	Data survey
The percentage of women in management positions is to be at least 50% by 2026.	Women in management positions at the various management levels	Analysis by the Human Resources Department
The organisation wants to increase the proportion of men taking parental leave at an annual rate of 10%.	Percentage of men on parental leave or part-time parental leave	Analysis by the Human Resources Department

The organisation aims to provide equal opportunities for women and men. zero tolerance against discrimination at the workplace is fixed at all levels.	Number of complaints to the Equal Opportunities Officer	Requesting the number of complaints from the Equal Opportunities Officer
The health awareness of the employees should be increased. Health promotion measures are seen as a central instrument. Within three years, at least 75% of all employees should have participated in two measures.	Share of employees who have participated in health promotion activities/measures	Analysis of the participant lists
Long-term absences caused by burn-out are to be reduced by 50% within two years.	Number of burn-out prevention talks (employees)	Checking the number of interviews held with the occupational psychologist

Table 6: Social key figures

3.3 Common Good report (Economy for the Common Good)

Different standardised reporting systems can also be used for Green Controlling in social enterprises.

A reporting system gives organisations the opportunity to report on their environmental and social performance in a standardised way.

In addition, the use of defined standards and guidelines simplifies the work of defining key figures and indicators and evaluating of corresponding measures. More information on reporting schemes can be found in script 3 Sustainability Management, chapter 2.2 Reporting schemes.

As an example of Green Controlling for social enterprises, the **Common Good report** is described here. Organisations must have this report as well as an audit certificate if they are preparing a Common Good Balance Sheet (see also script 3 Sustainability Management, chapter 2.2.5 Economy for the Common Good).

For the Common Good report, the organisation will be evaluated on the basis of 20 Common Good themes. These 20 themes represent overview categories that are further subdivided.

The categorisation is based on the following matrix:

VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
C: EMPLOYEES, INCLUDING CO-WORKING EMPLOYERS	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally-friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND OTHER COMPANIES	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

Figure 7: Common Good Matrix (own representation based on Ecogood, 2022a)

The Common Good report is prepared in a balancing process. Included in this are different touch points such as (A) suppliers, (B) owners, equity- and financial service providers, (C) employees, including co-working employees, (D) customers and other companies and (E) social environment. These are evaluated according to the four values that characterise the Common Good Economy: human dignity, solidarity and social justice, environmental sustainability, transparency and co-determination. For each theme, either plus points or negative points (for negative aspects) are given (Ecogood, 2022b).

Below, the different themes (including sub-theme fields) of the Common Good report are described (Ecogood, 2022b).

A Suppliers

A1 Human dignity in the supply chain

- A1.1 Working conditions and social impact in the supply chain

This evaluates which products and services the organisation purchases. Appropriate measures should be taken to create humane conditions throughout the entire supply chain.

Questions that the organisation has to deal with are, for example:

- Which products/services are purchased, and which certificates do these products/services have?
 - How are suppliers selected?
 - How will it be checked if there are violations of human dignity?
- A1.2 Negative aspect: violation of human dignity in the supply chain
The production of goods is often associated with social problems.
Questions that the organisation has to deal with are, for example:
 - Which areas of the supply chain have a high risk of human dignity violations and what measures are taken to avoid or reduce them?

A2 Solidarity and social justice in the supply chain

- A2.1 Fair business practices towards direct suppliers
Solidarity and social justice towards direct suppliers are demonstrated through business practices with fair prices, payment and delivery conditions.
Questions that the organisation has to deal with are, for example:
 - How is an honest and supportive business relationship with suppliers guaranteed?
 - How satisfied are suppliers with price, payment, and delivery terms?
- A2.2 Exercising a positive influence on solidarity and social justice throughout the supply chain
Organisations support and ensure fairness and solidarity along the supply chain.
Questions that the organisation has to deal with are, for example:
 - What strategies does the company have to guarantee a fair and just treatment of all stakeholders?
 - What measures have been implemented to support a fair and just treatment of all stakeholders in the supply chain?
 - How does the organisation identify and sanction risks and shortcomings?

- A2.3 Negative aspect: abuse of market power against suppliers

Power imbalances in business relationships between organisations and suppliers can lead to unfair advantage and dependencies.

Questions that the organisation has to deal with are, for example:

- Does the organisation have market power over suppliers and how is it used?
- Is there any information suppliers suffer from market power (especially regarding payment and delivery terms), or have there been complaints and negative reporting?

A3 Environmental sustainability in the supply chain

- A3.1 Environmental impact throughout the supply chain

Purchasing of raw materials, goods and services is connected with environmental risks and impacts.

Questions that the organisation has to deal with are, for example:

- Which raw materials are used in the production and in what quantity and what criteria are used to select them?
- What types of energy, materials and technologies are used in the production?
- What environmental criteria are considered when selecting suppliers and their products?
- What measures have been taken to reduce the environmental impact of suppliers throughout the supply chain?

- A3.2 Negative aspect: disproportionate environmental impact within the supply chain

Some branches, products and services can have a disproportionately high environmental impact.

Questions that the organisation has to deal with are, for example:

- Which products or suppliers have a particularly damaging effect on the environment and which measures will be taken to reduce these effects?

A4 Transparency and co-determination in the supply chain

- A4.1 Transparency towards suppliers and their right to co-determination

Transparency towards suppliers is determined by whether and to what extent information is made available.

Questions that the organisation has to deal with are, for example:

- What information is provided and to what extent?
- How and to what extent are suppliers involved in the decision-making process?
- How satisfied are suppliers with the information policy of the organisation?

- A4.2 Positive influence on transparency and co-determination throughout the supply chain

Organisations are responsible to demanding transparency and participation for all stakeholders in the supply chain and to supporting this.

Questions that the organisation has to deal with are, for example:

- What strategy is being followed to ensure transparent and participatory interaction between all stakeholders and what measures are being implemented in this regard?
- How does the organisation identify and sanction any risks and shortcomings?

B Owners, equity- and financial service providers

B1 Ethical position in relation to financial resources

- B1.1 Financial independence through equity financing

A high level of internal equity capital enables financial independence, and economic resilience and protects the organisation from unwanted external influences

Questions that the organisation has to deal with are, for example:

- How can equity provide sufficient risk cover?
- Which different options for raising equity have been considered?

- B1.2 Common Good-orientated borrowing

Borrowed capital should be raised first through solidarity financing like subordinated loans from patrons for crowd-funding. Only then credits with ethical banks should be considered. At if it is necessary to take a loan from a commercial bank, terms and conditions should be checked.

Questions that the organisation has to deal with are, for example:

- Which parts of the financing can be implemented through stakeholders or ethical banks?

- B1.3 Ethical position of external financial partners

Own ethical financial management can be supported by partner institutions that represent a corresponding attitude themselves.

Questions that the organisation has to deal with are, for example:

- Which financial partners does the organisation have and how are they rated in relation to an ethical and sustainable stance?

B2 Social position in relation to financial resources

- B2.1 Solidarity and Common Good-orientate use of funds

Operating surpluses first and foremost are used to secure its own future and a fair income for the shareholders.

Questions that the organisation has to deal with are, for example:

- What investment expenditures are necessary to secure the company's future and how much coverage and additional risk provision are available?

- B2.2 Negative aspect: unfair distribution of funds

Examples of unfair distribution are job cuts or relocation of a whole workplace. Also, the distribution of double-digit dividends on shares of non-active members is considered an unfair distribution.

Questions that the organisation has to deal with are, for example:

- Why was a location moved or even closed despite being in profit?
- Why jobs are being reduced in the organisation despite stable profits?

B3 Use of funds in relation to social and environmental impacts

- B3.1 Environmental quality of investments

One-sided earnings-oriented decision-making bases of investment calculation are to be replaced by comprehensive analysis and assessment of all changes. Environmental effects also have longer-term consequences.

Questions that the organisation has to deal with are, for example:

- Which rehabilitation goals have ecological improvement potential?
- What financial resources are needed for realisation?
- How are ecological and social aspects considered in investment decisions?

- B3.2 Common Good-orientated investment

An organisation can participate in a social-ecological project by providing solidarity financing.

Questions that the organisation has to deal with are, for example:

- To what extent does the organisation participate in solidarity financing social and environmental projects?

- B3.3 Negative aspect: reliance on environmentally unsafe resources

Using critical resources leads to substituting these resources and thus to the withdrawal from industry sectors or whole industries. If such resources are essential for the business of the organisation, the negating of the necessary existence would result in a negative evaluation.

Questions that the organisation has to deal with are, for example:

- Which environmentally unsafe resources are used and what measures for reducing them have been planned?
- What does a divestment from fossil fuels mean for the organisation?

B4 Ownership and co-determination

- B4.1 Common Good-orientate ownership structure

The distribution of ownership interests aims to safeguard the organisation's autonomy and self-determination and helps it to remain independent of individual interests. In the long run, those who work in the organisation should have a joint majority of voting rights.

Questions that the organisation has to deal with are, for example:

- Who are the owners, what shares do they have, and what rights and obligations follow from this?
- What forms of joint decision-making and ownership involvements are there?
- How has the ownership structure developed in recent years?

- **B4.2 Negative aspect: hostile takeover**

Hostile takeovers are acquisitions made against the will of the Board of Directors, the majority of the employees and other significant stakeholders. It is not a problem if management, employees, or key stakeholders agree.

Questions that the organisation has to deal with are, for example:

- What justifications exist for a hostile takeover and how can the organisation be protected?

C Employees, including co-working employees

C1 Human dignity in the workplace and working environment

- **C1.1 Employee-focused organisation culture**

There is mutual respect, appreciation and trust in the workplace and conflicts are seen as an opportunity for improvement and resolved on equal terms. Staff and teams have a high degree of self-management and autonomy for what they do.

Questions that the organisation has to deal with are, for example:

- What measures and processes are already in place for an employee-focused organisational culture?
- How are mistakes and conflicts handled within the organisation and is self-management encouraged?

- **C1.2 Health promotion and occupational health and safety**

Health promotion and occupational health and safety are rooted in the entire organisation and support employees' health. Through preventive measures, the maintenance, improvement and restore of the employees' health will be supported.

Questions that the organisation has to deal with are, for example:

- What measures have been implemented?
- What health issues or injuries could affect the employee and what measures are in place to protect them?

- C1.3 Diversity and equal opportunities

All employees have equal opportunities and the same possibilities are open to all. The organisation aims to overcome social structures that discriminate certain people and groups.

Questions that the organisation has to deal with are, for example:

- What role does diversity play in the recruitment and treatment of employees?
- What agreement or procedures are already existing?

- C1.4 Negative aspect: inadequate working conditions

Organisations should be raising awareness of issues around inadequate work environments.

Questions that the organisation has to deal with are, for example:

- In which areas there are inadequate working conditions?
- What is the procedure for drawing attention to possible misconduct within the organisation?

C2 Structuring of employment contracts

- C2.1 Pay structure

Pay should be as transparent as possible based on performance, responsibility, risk, and needs.

Questions that the organisation has to deal with are, for example:

- How employees are remunerated for their work and how transparent are the underlying conditions?
- How does the organisation ensure that all staff members are paid a decent living wage?

- C2.2 Structuring working time

Work and social participation can better consist, if organisation's stated goal is to reduce working hours and allow work times to be individually structured for each employee.

Questions that the organisation has to deal with are, for example:

- How does the organisation record working hours and distribute workloads?
- What possibilities exist in the organisation for self-determining work hours?

- C2.3 Employment structure and work-life balance

Individually structured employment relationship and job security gives employees long-term planning certainty and support the reconciliation of their occupation and non-occupation activities.

Questions that the organisation has to deal with are, for example:

- What working arrangements are offered?
- What measures are in place for maintaining the work-life balance of employees?

- C2.4 Negative aspect: unfair employment contracts

An employment contract that jeopardies the livelihood of an employee or is negatively biased against the employee in terms of risks is deemed to be taking advantage of their circumstances.

Questions that the organisation has to deal with are, for example:

- Can a living wage be secured for all employees?
- What earnings are justified for assistants and employees receiving training?

C3 Environmentally friendly behaviour of staff

- C3.1 Food during work hours

An ecological shift also requires changes in awareness of ecological contexts and impulses for new eating habits.

Questions that the organisation has to deal with are, for example:

- How much importance does the organisation place on the origin of the food offered in its workplace?
- What is offered in the canteen?

- C3.2 Travel to work

Work-related travel represents a significant factor in reducing CO₂ emissions.

Questions that the organisation has to deal with are, for example:

- What means of transport do the employees use to come to work?
- What incentives does the company provide to promote environmentally-friendly means of commuting, including business trips?

- C3.3 Organisation culture, cultivating awareness for an environmentally-friendly approach

Establishing environmentally-friendly behaviour needs knowledge, guidance and practice. An in-house concept of environmentally-friendly behaviour is useful.

Questions that the organisation has to deal with are, for example:

- How can the organisational culture be described regarding the environment?
- What awareness-raising activities take place?

- C3.4 Negative aspect: guidance on waste / environmentally damaging practices

If environmentally harmful practices or a waste of resources have been identified, it is negative for society.

Questions that the organisation has to deal with are, for example:

- Do negative aspects apply to the organisation, such as e.g., consumer products with a high proportion of packaging, a prohibition on the use of ecologically friendly products, or careless handling of waste is visible?

C4 Co-determination and transparency within the organisation

- C4.1 Transparency within the organisation

All data should be freely available and prepared so that employees can easily understand it.

Questions that the organisation has to deal with are, for example:

- What data are available and in what form?
- How easy/difficult is it for employees to access the data?
- What is being done to make financial data easily understandable for all employees?

- C4.2 Legitimation of the management

Employees have dealings with their managers in the day-to-day running of the business. Therefore, the more employees participate and the more possibilities they have to make a change, the greater the actual authority of the management and the willingness of the employees to cooperate.

Questions that the organisation has to deal with are, for example:

- How are managers selected and by whom?
- What are the possibilities for participation between team members?

- C4.3 Employee co-determination

At the team level, employees make decisions independently and extensively, without direction from the top. On all other levels, employees have the possibility for co-determination, exemplifying the bottom-up principle.

Questions that the organisation has to deal with are, for example:

- In what kinds of decision can employees participate and how?
- What is the organisation doing to enable more employees to assume more responsibilities and make more decisions?

- C4.4 Negative aspect. Obstruction of work councils

A work council is a body set up to represent workers and protect their interests.

Questions that the organisation has to deal with are, for example:

- Is there a work council, and if not, why?
- What alternatives does the organisation provide instead of a works council?
- What support measures are there for a works council?

D Customers and other companies

D1 Ethical customer relations

- D1.1 Respect for human dignity in communication with customers

Information provided by the organisation is oriented to the need of customers and it is authentic, comprehensive and honest. Feedback is taken on board and used to improve products/services.

Questions that the organisation has to deal with are, for example:

- How are new customers acquired and what services are provided to regular customers?
- What is the procedure for responding to requests and complaints from customers?

- D1.2 Barrier-free access

Barrier-free access covers the utility and user-friendliness of products or services, access to information and easy access to the point of sale.

Questions that the organisation has to deal with are, for example:

- What barriers exist?
- What actions are being taken to enable disadvantaged customer group's access to the use of products/services?

- D1.3 Negative aspect: unethical advertising

Individual advertising activities are difficult to reconcile with an ethical approach to customer relations – e.g., making false statements, withholding information, bait offers below the cost price.

Questions that the organisation has to deal with are, for example:

- Which specific advertising or sales activities are potentially problematic or could be unethical?

D2 Cooperation and solidarity with other companies

- D2.1 Cooperation with other companies

Cooperating companies share a common objective and strive to achieve this so as to create a win-win situation for all involved. Companies work together to find solutions, which meet the needs of customers.

Questions that the organisation has to deal with are, for example:

- With which companies is cooperation already taking place and what are the objectives of this cooperation?
- In which areas are knowledge and information shared with other companies?

- D2.2 Solidarity with other companies

Solidarity with other companies/organisations is demonstrated through partnership and mutual support free from self-interest to help each other in difficult situations. This solidarity might be expressed by making staff, funds, or technology available to organisations in need.

Questions that the organisation has to deal with are, for example:

- In which areas does the organisation demonstrate solidarity towards others and assist without expecting anything in return?

- D2.3 Negative aspect: abuse of market power to the detriment of other companies

A basic attitude is prevalent that condones predatory behaviour towards other companies. This primarily manifests itself in the desire to present itself as superior.

Questions that the organisation has to deal with are, for example:

- In what areas could the organisation be hindering or harming others or disrupting their activities?

D3 Impact on the environment of the use and disposal of products and services

- D3.1 Environmental cost-benefit ratio of products and services (efficiency and consistency)

The use of products and services should be as consistent or efficient as possible.

Questions that the organisation has to deal with are, for example:

- To what extent is the company aware of the environmental impacts resulting from the use and disposal of its products and services?
- What strategies and measures are being employed to reduce the environmental impacts?

- D3.2 Moderate use of products and services (sufficiency)

In addition to designing products and services more efficiently, promoting moderate (sufficient) overall use is essential.

Questions that the organisation has to deal with are, for example:

- To what extent does the business model pursue the objective of promoting sufficient or moderate use?

- What strategies and measures are in place to promote moderate consumption or the sufficiency-oriented use of products and services and what products are designed for this?
- D3.3 Negative aspect: wilful disregard of disproportionate environmental impacts
In parallel to the two positive aspects, activities will be evaluated that result in significant negative environmental impacts.
Questions that the organisation has to deal with are, for example:
 - In which areas is excessive use promoted, actively encouraged or tacitly tolerated, through pricing policies, incentive schemes, planned obsolescence, etc.?

D4 Customer participation and product transparency

- D4.1 Customer participation, joint product development and market research
Participation gives customers a voice and necessitates unfiltered communication up to the management level. Participatory product development and market research approaches allow customers to contribute their ideas and wishes. Products that successfully fulfil sustainability criteria should be given special attention.
Questions that the organisation has to deal with are, for example:
 - What specific opportunities for co-determination and decision-making rights for customers exist?
 - Are products and services with a higher sustainability impact developed in cooperation with customers?
- D4.2 Product transparency
Product transparency enables customers to accurately judge the (higher) environmental and social quality of products and services.
Questions that the organisation has to deal with are, for example:
 - How public and transparent are product information?
 - What information is provided on the material composition and environment characteristic of products and services?
 - What information is provided on pricing along the value chain?

- D4.3 Negative aspect: non-disclosure of hazardous substances

Products may contain substances that damage the consumers' health or the environment. Consumers need to be informed.

Questions that the organisation has to deal with are, for example:

- Do the products contain a substance that may be harmful to consumers or the environment?

E Social environment

E1 The purpose of products and services and their effect on society

- E1.1 Products and services should cover basic needs and contribute to a good life

Pure consumerism burdens the environmental resources of our planet.

Questions that the organisation has to deal with are, for example:

- Which fundamental human need (e.g.) are served by the products and services?
- Which products and services are only luxury items?
- What social or environmental problems are solved or reduced with the products and services?

- E1.2 Social impact of products and services

ECG companies/organisations are offering a benefit to their customers, and products and activities contribute to the solution to some of the most significant challenges facing humanity (e.g., overcoming poverty, education and health for all).

Questions that the organisation has to deal with are, for example:

- How to products and services help strengthen communities' personal and professional lives?

- E1.3 Negative aspect: unethical and unfit products and services

Products and services are unethical or unfit if they negatively impact life, the physical and mental health of all living things, people's freedom and nature.

Questions that the organisation has to deal with are, for example:

- What direct and indirect effect do the products/services have on the life and health of living things?
- What is their impact on the freedom of people and our planet's biosphere?

E2 Contribution to the community

- E2.1 Taxes and social security contributions

Each organisation benefits from society and its institutions – through grants and subsidies or the services provided and existing infrastructure.

Questions that the organisation has to deal with are, for example:

- What direct financial contribution does the organisation make to society and its institutions (e.g., taxes)?
- What indirect financial contribution does the organisation make through job creation?
- What direct financial support does the organisation receive from society and its institutions?

- E2.2 Voluntary contributions that strengthen society

Many organisations make voluntary contributions that go beyond their statutory duties (e.g., donating financial or physical resources).

Questions that the organisation has to deal with are, for example:

- How much money, resources and specific activity does the organisation put into charitable works?
- What is the overall strategy or vision regarding charitable works?

- E2.3 Negative aspect: inappropriate non-payment of tax

Inappropriate non-payment of tax refers to all legal and illegal practices whereby a company makes no contribution, or an inadequate one to the countries and societies in which they operate. This aspect applies to large companies that operate on the international market.

Questions that the organisation has to deal with are, for example:

- What risks are there within the company with regard to inappropriate non-payment of tax (e.g. profits shifted between countries, business partners in tax havens)?

- E2.4 Negative aspect: no anti-corruption policy

Corruption covers all practices in which the pursuit of individual gain causes harm to society and its institutions (e.g., non-transparent lobbying, misappropriation of common assets, illegal donations to political parties and elections).

Questions that the organisation has to deal with are, for example:

- What are the corruptions risks with the organisations, their suppliers and clients, and what measures have been taken to prevent corruption?
- How careful are the organisations dealing with officials and political decision makers?
- What donations does the organisation make to political parties?

E3 Reduction of environmental impact

- E3.1 Absolute impact and management strategy

In the sense of an ecologically sustainable economy, every organisation is required to limit its ecological impact. The aim is to reduce resource consumption and emissions.

Questions that the organisation has to deal with are, for example:

- What are negative environmental impacts associated with the manufacturing or operating process (e.g., greenhouse gas emissions, fine particle and inorganic emissions, eater consumption)?

- E3.2 Relative impact

In order to identify improvement potential for reducing the environmental impacts of an organisation, it is helpful to make a comparison with the sector or region.

Questions that the organisation has to deal with are, for example:

- How great is the environmental impact compared to best practices or current standards and organisations in the sector or region?

- E3.3 Negative aspect: infringement of environmental regulations and disproportionate environmental pollution

When commercial activities cause inappropriate effects on ecosystems or infringe on environmental regulations, social harm is caused.

Questions that the organisation has to deal with are, for example:

- What operating licenses and regulations are there and are they being adhered to?

- How is compliance with relevant laws and regulations monitored?
- Are there any disputes with other stakeholders?

E4 Transparency and co-determination

- E4.1 Transparency

A transparent organisation gives relevant stakeholders a comprehensive insight into its activities.

Questions that the organisation has to deal with are, for example:

- What essential information is collected for stakeholders?
- How is this information conveyed and is it critically reviewed by an independent body?

- E4.2 Social participation

All interested parties have the right and should be given the opportunity to raise objections, request public information about activities, and enter into dialogue.

Questions that the organisation has to deal with are, for example:

- How can citizens enter into dialogue and participate in a debate?
- How can stakeholders represent their interests about the organisation's activities?

- E4.3 negative aspect: lack of transparency and wilful misinformation

When an organisation publishes deliberately misleading information, it harms society.

Questions that the organisation has to deal with are, for example:

- What information does not correspond to corporate reality?
- To what extent does the organisation influence public opinion (directly or indirectly) through misinformation?



Time for a practical example

3.4 Practical example: Herzogsägmühle (DE)

Diakonie Herzogsägmühle was used as a practical example here. The data is based on the organisation's Common Good report from 2020 (Herzogsägmühle, 2022).

1. Description of the social enterprise

Vision/ targets	<p>Diakonie Herzogsägmühle sees itself as a place to live and people are provided with help for personal, social and professional development or care in an open village community.</p> <p>In the surrounding area, the organisation is a provider of stationary, semi-stationary and ambulant help for people in support need or in crisis and emergency situations</p>
Key activities/ working fields	<p>Services</p> <ul style="list-style-type: none"> • Help for the formerly homeless and offenders • Rehabilitation/therapy for people with mental illness and addictions • Assistance with upbringing of children, adolescents and families • Living for people with disabilities • Work for people with disabilities • Training, work and integration • School education • Help for people in the elderly (care)
Form of the enterprise	registered cooperative with limited liability
Target group/ customer segment	<ul style="list-style-type: none"> • People with disabilities • People in special life situations • People with mental illness and addictions • Elderly people • Children, youths, families
Financing/ cost structure	Turnover: € 94 Mio. (year 2019)
Link to social enterprise	https://www.herzogsaeigmuehle.de/

2. General information

The various themes of the Economy for the Common Good were classified according to the different dimensions of sustainability - ecological, social and economic (Herzogsägmühle, 2022).

Some themes can also be categorised in 2 or 3 (all) dimensions. Therefore, a classification was made for the dimension on which the focus was made. The following table, based on the dimensions, will help you understand which themes concern the other dimensions.

For each dimension, five common good themes were selected, the actions carried out were described (and key figures were given if available) – these are marked in the overview table.

EN = environmental

SH = social / health

EC = Economic

	EN	SH	EC
A1.1 Working conditions and social impact in the supply chain	X	X	X
A2.1 Fair business practices towards direct suppliers		X	X
A2.2 Exercising a positive influence on solidarity and social justice through the supply chain		X	
A3.1 Environmental impact throughout the supply chain	X		
A4.1 Transparency towards suppliers and their right to co-determination		X	
A4.2 Positive influence on transparency and co-determination throughout the supply chain		X	
B1.1 Financial independence through equity financing			X
B1.2 Common Good-orientated borrowing			X
B1.3 Ethical position of external financial partners		X	X
B2.1 Solidarity and Common Good-orientate use of funds		X	X
B3.1 Environmental quality of investments	X		X
B3.2 Common Good-orientated investment	X	X	X
B4.1 Common Good-orientate ownership structure			X
C1.1 Employee-focused organisation culture		X	
C1.2 Health promotion and occupational health and safety		X	
C1.3 Diversity and equal opportunities		X	
C2.1 Pay structure		X	X
C2.2 Structuring working time		X	
C2.3 Employment structure and work-life balance		X	
C3.1 Food during work hours	X		
C3.2 Travel to work	X	X	
C3.3 Organisation culture, cultivating awareness for an environmentally-friendly approach	X	X	
C4.1 Transparency within the organisation		X	
C4.2 Legitimation of the management		X	

C4.3 Employee co-determination		X	
D1.1 Respect for human dignity in communication with customers		X	
D1.2 Barrier-free access		X	
D2.1 Cooperation with other companies			X
D2.2 Solidarity with other companies			X
D3.1 Environmental cost-benefit ratio of products and services (efficiency and consistency)	X		
D3.2 Moderate use of products and services (sufficiency)	X		
D4.1 Customer participation, joint product development and market research		X	X
D4.2 Product transparency	X	X	
E1.1 Products and services should cover basic need and contribute to a good life	X	X	
E1.2 Social impact of products and services		X	
E2.1 Taxes and social security contributions			X
E2.2 Voluntary contributions that strengthen society	X	X	
E3.1 Absolute impact and management strategy	X		
E3.2 Relative impact	X		
E4.1 Transparency		X	
E4.2 Social participation		X	

Table 7: Overview Common Good Economy themes: practical example Herzogsägmühle

a) Ecological sustainability: environmental key figures

The overview shows which Common Good themes are addressed in the field of ecological sustainability and also their relation to the other dimensions. Implemented measures on the highlighted themes are then described below.

A3.1 Environmental impact throughout the supply chain

In this field, four different measures were implemented:

- Customers of the sales market are offered an attractive range of organic and regional products, most of them produced by the company itself. The garden centre is a nature-land farm, and the agriculture also works according to ecological principles.
- Reduction of packaging materials through the use of reusable transport packages,
- The woodchip heating system used to heat the agricultural facilities uses only 100% self-produced woodchips.
- There was a review of purchasing and supplier assessments according to DIN EN -ISO 9001:2015.

B3.1 Environmental quality of investments

The following building and energy-related renovation measures were carried out. Renovations and modifications of heating systems result in large savings in energy consumption.

- House renovation (KFW-70 house): the calculated saving is 52% energy, and this corresponds to 24.1 tons of carbon dioxide. The costs were € 450,000.

- The laundry was changed over from oil to electric heating. The energy saving here is 75% (equivalent to 150 tonnes of CO₂). The costs were € 140,000.
- A new central kitchen was built, and the heating system was changed over from oil to gas. The total investment for this project was € 8.4 million.
- Another individual measure was the installation of a new heating system with hydraulic balancing in the house called "Gollerhaus".

A measure was also carried out in the field of nature conservation/biodiversity. In order to preserve the fishpond as a valuable biotope, it was renovated with particular attention paid to the protection of the beaver. The costs for the renovation came to € 150,000.

D3.1 Environmental cost-benefit ratio of products and services (efficiency and consistency)

Due to the field of activities (social work), the environmental impact of the organisation is quite low. Nevertheless, the potential for improvements was identified in the fields of mobility, packaging, waste, and energy.

- An increase in environmentally friendly mobility of employees is to be reached through participation in the project business bike or the payment of (electric) bicycles as part of the salary.
- The fleet of company cars will be replaced by electric cars wherever it makes sense and is possible, and the required charging infrastructure will be expanded.
- In addition, there is the computer app, a solution for municipalities and private individuals to increase the use of company cars.
- The energy concept aims to achieve and implement savings to the maximum possible extent. Energy savings can be realised through the use of new control technology, the renovation of old infrastructure (renovation of own laundry, heating pipes) and controlled management of energy consumption and demand.
- Expansion of the second-hand sector through the establishment of stores, which sell used furniture and used goods.
- The village development association has taken the initiative in the area of biodiversity/species protection. As a result, not only is the annual amphibian collection carried out in February-April, but the mowing concept (flowering meadows with late mowing) has also been changed and flower strips have been planted.

D3.2 Moderate use of products and services (sufficiency)

Sufficiency plays a minor role in the organisation's core business, but the importance of the topic has been recognised. As an example, employee gifts can be mentioned here. The cheap

wristwatch produced in China has now been replaced by ballpoint pens made by young people from floating wood.

E3.1 Absolute impact and management strategy

The emissions are continuously controlled and although the organisation is growing moderately, savings are being made.

	2015: Consumption per employee	2018: Consumption per employee	Change per employee
Electricity consumption in kWh	3,374 kWh	3,227 kWh	Reduction: 147 kWh
Heating energy consumption (village "Herzogsägmühle")	12,748 kWh	11,440 kWh	Reduction: 1.308 kWh
CO ₂ emissions heat and electricity (village "Herzogsägmühle")	3,783 kg CO ₂	2,712 kg CO ₂	Reduction 1.071 kg CO ₂
CO ₂ - emissions transport cars	293 kg CO ₂	315 kg CO ₂	Increase: 22 kg CO ₂
Water consumption (village "Herzogsägmühle")	47 m ³	51 m ³	Increase: 4 m ³
Other emissions: Nitrous oxide and methane from beef farming	133 kg CO ₂	111 kg CO ₂	Reduction: 22 kg CO ₂

b) Social sustainability: social / health key figures

For this dimension, a theme with the main focus on health (C1.2) was also selected in addition to the social themes.

As there is little reporting on the following topic, two have been combined.

A2.1 Fair business relations with direct suppliers &

A2.2 Positive influence on solidarity and justice in the entire supply chain

Herzogsägmühle has many long-standing business relationships. There are also business partners who take on clients of Herzogsägmühle for training or offer them employment.

The following was implemented during the reporting period:

- The supplier evaluation was extended by the factor of sustainability aspects and, therefore, also by a relevant decision criterion for the future allocation of contracts.

- Herzogsägmühle publicly communicates the importance of fair and solidarity-based interaction between all participants.

Future: There will be regular supplier surveys.

C1.1 Employee-oriented corporate culture

Possibilities/offers that have been set:

- Job rotation
- Part-time management
- Home office arrangement
- Sabbatical/working time accounts
- "Zwergertreff" (has the same function as a company kindergarten)
- Three positions for operational integration management
- Pastoral support group for personal concerns of all employees
- A voluntary working group "Mentors in Care" provides advice and support to employees with relatives in need of care.

Key figures:

- Staff turnover rate: 10.02%
- Average length of employment: 9.91 years
- Employee satisfaction survey: every three years (resulted in positive feedback on corporate culture)
- Taking up training/development opportunities: Until 15.12.2018, training courses for approx. 260 employees with a total volume of around € 145,000 had been approved.

C1.2 Health promotion and occupational safety

- All departments at Herzogsägmühle have a health circle. In addition, a representative from each health circle also takes part in a general health circle two to three times a year. This is also where the planning and evaluation of the health day take place. On the health day, ideas for healthy nutrition, exercise at the workplace, ecological and healthy mobility and more are presented to the staff and clients and invited to participate → Number of participants: Average of 250 employees, 3.5 hours = 875 hours in total.

In addition:

- Further training on dealing with stress for managers
- Three full-time positions for people with disabilities on re-integration
- Occupational safety committee meetings: four per year, presentation of statistical evaluations of commuting and occupational accidents (2018: 61 occupational accidents & 13 commuting accidents)
- Each department has a risk assessment + measures to eliminate the risk.
- There are safety and fire protection officers, and a company doctor who makes field visits.

C1.3 Diversity and equal opportunities

Key Figures:

- Employees come from 28 different nations
- Number of paternity/maternity leaves in months: 528 months
- Employees with disabilities:
 - 17 with a disability of less than 50
 - 76 employees with a disability of between 50 and 90
 - 11 with a 100% disability
 - Proportion of employees with severe disabilities = 7.2%.
- Demographic distribution by age group:
 - Under 35: male 106 & female 264
 - 35 - 50 years: male 182 & female 340
 - Over 50: male 227 & female 399
- Diversity training
 - 44 staff members with 4720 training hours = 107 hours/person
 - 33 staff members with 264 training hours = 8 hours/person
 - = total: 4984 hours

D1.2 Accessibility

- Herzogsägmühle is (almost) completely barrier-free, all offers, events, festivals and celebrations are open to people with disabilities.
- There is a working group that takes care of the remaining structural barriers. The suggestions are regularly implemented. For example, curbs have been lowered or the ramp at the church has been adapted.

- No distinction is made in the shops as to whether people with or without disabilities are shopping, because this indicator is perceived as a discrimination.

c) Economic sustainability: economic key figures

Also, for the dimension of economic sustainability five concrete themes have been chosen and the measures and key figures will be described in the following part.

B1.1 Financial independence through equity financing

It was determined that the financial independence of the organisation must be guaranteed through stable equity financing and that the equity ratio may not fall below 40 %.

The equity financing is now at 31.9%, which is also in line with the benchmark for the branch. The financial strategy is operationally implemented through risk management and ongoing controlling.

B2.1 Solidarity and Common Good-orientate use of funds

In this field three measures are already implemented:

- A development concept ("Herzogsägmühle Pro 3") was prepared and all required investments for the next five years were described detailed in this concept. The total investment demand is about € 30 million.
- All investment activities are for the benefit of the Common Good only. There is no external ownership and no distribution of money to non-co-operating third parties.
- Donations received are used only for the Common Good of the organisation Herzogsägmühle. Furthermore, the organisation is additionally and voluntarily involved in accompanying refugees and volunteers who support them.

D2.1 Cooperation with other companies

The organisation has the principle: what we can do together with others, we will not do alone.

Herzogsägmühle sees itself as an active part of independent welfare work and represents the Diaconia against the state/funders in various working groups. About 160 hours per year are spent on this work.

The organisation owns 51% of the shares in "Beschäftigungsgesellschaft Landsberg/Lech" and works together with ten other shareholders (including "Caritas", "Life Aid", or "Red Cross").

Herzogsägmühle is involved in refugee aid with other organisations and spends about € 35,000 on personnel and material costs.

D2.2 Solidarity with other companies

The following measures have been carried out in the last years:

- Since 2017, ongoing cooperation has developed with the "Tabaluga-Stiftung". The cooperation mainly takes place in organic vegetable cultivation and the sale of organic products.
- The ambulant addiction services and social psychiatry "ARGO Thessaloniki" (Greece), as well as facilities in "Mohacs" (Hungary) and "Niregyhaza" (Hungary) are supported with specialised know-how and materials. There is also a close contact with psychiatric institutions in "Turnu Severin" (Romania), which are also supported with aid transport and knowledge transfer. Donations are collected for charitable organisations such as the "Sea-Watch" (rescue of people fleeing at sea).
- The European discussion group "Places to Live" is an annual exchange to get to know each other better and improve social standards in less privileged countries.

E2.1 Taxes and social security contributions

Converted, an inflow of € 100 from public funds generates a leverage effect of € 192 (fiscal and demand effects). The data is based on an SROI study from 2016.

3. SDGs

The practical example contributes to different SDGs. The most important ones are:

SDG	Addressed in which way?
GOAL 3 – Good Health and Well-being	People with mental illnesses or addictions are offered help and support.
GOAL4 – Quality Education	The organisation offers vocational training enabling integration into the labour market through appropriate qualification.
GOAL 7 – Affordable and Clean Energy	To achieve this goal, several measures have been implemented in recent years. Old heating systems have been replaced and environmentally friendly alternatives, such as wood chip heating, have been installed.
GOAL11 – Sustainable Cities and Communities	In order to achieve a sustainable development of the community, various working groups were initiated by the organisation to deal with different thematic issues

	in the region and community, such as village redevelopment, environmental protection, or mobility.
GOAL 12 – Responsible consumption and production	Organic products, most of which come from their own farm, are sold in their shops. Sales shops for second-hand furniture and used objects have also been set up.
GOAL 13 – Climate Action	A reduction in CO ₂ emissions has been achieved through the renewal of heating systems and the renovation of buildings. The ecological orientation of the company's agriculture also contributes to climate protection measures.
GOAL 17 – Partnerships to achieve the Goal	The organisation is strongly networked in the region and numerous cooperation's have been established.

3.5 Knowledge check

Questions to check what you have learned:

1. Name a few goals from the environmental sector.
2. What is the difference between top-down (outside in) and bottom up (inside out) in goal setting?
3. What is the difference between absolute and real key figures and give an example of them.
4. What approaches can be used to determine key figures?
5. Name some concrete indicators for Green Controlling and how they are calculated.
6. What does the Common Good Balance Sheet consist of?
7. How many themes are considered in the preparation of a Common Good report?
8. Name the touch points of the Common Good report.
9. Name some thematic topics (criteria) of the Common Good report that deal with environmental sustainability.
10. Name some thematic topics (criteria) of the Common Good report that deal with social sustainability.
11. Name some thematic topics (criteria) of the Common Good report that deal with economic sustainability.

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