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SUSTAINABLE MANAGEMENT AND
FINANCIAL PERFORMANCE:
EVIDENCE FROM LEADING
GLOBAL FIRMS

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SUSTAINABLE MANAGEMENT AND FINANCIAL PERFORMANCE: EVIDENCE FROM LEADING GLOBAL FIRMS

Abstract

The main focus of this study is to examine the financial performance of a select sample of corporations from around the globe, representing four broad industry groupings that are identified to exemplify sustainable business practices on a continuous basis.

Corporate social responsibility, environmental impact, labor practices and other activities of the large multinational corporations engaged in cross-border trade and investment have been the focus of much debate among academics and activism by labor unions and, human rights groups for decades. The increasing pace of globalization in the last two twenty years or so has indeed elevated the importance of these issues, generating different responses by various stakeholders. In the corporate world, “sustainable management” practices exemplify one such new focus.

Sustainable management is referred to as “a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments” (triple bottom line). Leading examples of sustainable management practices are regarded to display high levels of competence in addressing global and industry challenges in a variety of areas:

Strategy: Integrating long-term economic, environmental and social aspects in their business strategies while maintaining global competitiveness and brand reputation.

Financial: Meeting shareholders' demands for sound financial returns, long-term economic growth, open communication and transparent financial accounting.

Customer & Product: Fostering loyalty by investing in customer relationship management and product and service innovation that focuses on technologies and systems, which use financial, natural and social resources in an efficient, effective and economic manner over the long-term.

Governance and Stakeholder: Setting the highest standards of corporate governance and stakeholder engagement, including corporate codes of conduct and public reporting.

Human: Managing human resources to maintain workforce capabilities and employee satisfaction through best-in-class organizational learning and knowledge management practices and remuneration and benefit programs. (www.sustainability-index.com)

The main focus of this study is to examine the financial performance of a select sample of corporations from around the globe, representing four broad industry groupings that are identified to exemplify sustainable business practices on a continuous basis. To our knowledge, our study is the first in its kind in terms of its scope and its industry/country representation. Our information comes from two sources. We have used Dow Jones Sustainability Index as the baseline for

identification of companies selected for their continuous commitment to sustainable management practices, as measured by Dow Jones Associates, a global leader in sustainability assessment. We have used Research Insights database for compilation of data on financial performance of the selected sixty five firms.

Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. The identification of sustainability leaders is based on a defined set of criteria and weightings related to the opportunities and risks deriving from economic, environmental and social developments for the eligible companies, and documented in a questionnaire which is completed by companies participating in the annual review. Further sources include company and third-party documents, such as media/press releases and companies' sustainability/environmental/health and safety and financial reports as well as personal contacts between the analysts and companies. Results are then validated externally by PricewaterhouseCoopers to ensure that the corporate sustainability assessments are completed in accordance with the defined rules.

Once a company is selected as a member of the DJSI family, it is monitored daily with regard to newly arising critical issues. The monitoring process comprises an assessment of a company's involvement in economic, environmental or social crisis situations and compares its crisis management against its stated principles and policies. The Corporate Sustainability Monitoring can lead to a company's exclusion from the DJSI family regardless of how well it had performed in the yearly assessment. The objective of Corporate Sustainability Monitoring is to verify a company's involvement and management of critical environmental, economic and social issues or crisis situations that can have a highly damaging effect on its reputation. (www.sustainabilityindex.com)

Each year Dow Jones Associates releases its sustainability report, identifying the leaders in various market sectors with individualized report on each of them documenting the scope of their sustainability practices qualifying them for this recognition, as well as listing the companies that are being added or dropped from the Sustainability Indexes. As of April 30, 2004, there were 366 companies worldwide in the list including 65 U.S. companies from over 20 countries. The 2003 report lists the following companies from a universe of 317 companies meeting the Dow Jones sustainability criteria, as the leaders of their respective market sector.

Name	Market Sector	Country
<u>Toyota Motor</u>	Automobiles	Japan
<u>Westpac Banking Corp.</u>	Banks	Australia

<u>Dofasco Inc.</u>	Basic Resources	Canada
<u>E.I. DuPont de Nemours & Co.</u>	Chemicals	USA
<u>CRH plc</u>	Construction	Ireland
<u>Koninklijke (Royal) Philips Electronics</u>	Cyclical Goods & Services	Netherlands
<u>BP p.l.c.</u>	Energy	UK
<u>British Land Plc</u>	Financial Services	UK
<u>Unilever</u>	Food & Beverage	Netherlands
<u>Novozymes A/S</u>	Healthcare	Denmark
<u>3M Company</u>	Industrial Goods & Services	USA
<u>Swiss Reinsurance</u>	Insurance	Switzerland
<u>Pearson PLC</u>	Media	UK
<u>Procter & Gamble Co.</u>	Non-cyclical Goods & Services	USA
<u>Marks & Spencer PLC</u>	Retail	UK
<u>Intel Corp.</u>	Technology	USA
<u>BT Group Plc</u>	Telecommunications	UK
<u>Severn Trent Plc</u>	Utilities	UK

Tables 1 through 4 report on the financial performances of select firms in four leading examples of sustainable management as recognized by the Dow Jones group. These firms fall into four industries: Automobile, Computer, Financial Services, and Pharmaceuticals. Three traditional measures of profitability are reported (ROI, ROA, and Net Profit Margin). The weighted averages for the sampled firms in each industry are calculated using asset size and market capitalization. A quick review of the results show that the overwhelming majority of the sampled firms, regardless of the profit measure utilized, performed well over the 3 or 5 year period.

Table 1 - Financial Services Sector			
			Company Averages:

Company Name	SIC Code(s)		3 yr	5 yr
Aetna (AET)	6411-Insurance Agents, Brokers, Service	ROI	3.835	3.083
		ROA	0.869	0.616
		ROE	4.760	3.905
		NPM	2.005	1.652
		Assets	41,417.600	56,907.494
		Market Cap	7,077.84	7,010.49
		Fraction of Assets	0.016	0.025
		Fraction of Market Cap	0.01938854	0.018467922
Citigroup [C]	6021-National Commercial Banks 6211-Security Brokers and Dealers 6311-Life Insurance	ROI	8.046	9.104
		ROA	1.400	1.456
		ROE	18.239	20.320
		NPM	15.405	14.098
		Assets	1,137,557.333	1,006,363.800
		Market Cap	230,375.88	139,521.85
		Fraction of Assets	0.445	0.439
		Fraction of Market Cap	0.631075591	0.630978852
Equity Office Properties (EOP)	6798-Real Estate Investment Trusts	ROI	2.528	2.630
		ROA	2.405	2.517
		ROE	5.972	6.079
		NPM	18.865	19.911
		Assets	25,081.405	21,616.905
		Market Cap	11,404.87	10,073.16
		Fraction of Assets	0.010	0.009
		Fraction of Market Cap	0.031241704	0.026535996
Fannie Mae	6162-Mortgage Bankers and Correspondents	ROI	1.320	1.282

Table 1 - Financial Services Sector					
Company Name	SIC Code(s)		Company Averages:		
			3 yr	5 yr	
(FNM)					
		ROA	0.713	0.710	
		ROE	37.539	32.486	
		NPM	11.677	11.131	
		Assets	898,958.333	789,422.800	
		Market Cap	71,897.36	72,987.31	
		Fraction of Assets	0.351571762	0.344164299	
		Fraction of Market Cap	0.197	0.192	
Merrill Lynch (MER)	6211-Security Brokers and Dealers	ROI	2.760	3.686	
		ROA	0.5136	0.676	
		ROE	10.178	15.731	
		NPM	8.262	8.145	
		Assets	453,955.000	419,427.200	
		Market Cap	44,296.80	50,010.80	
		Fraction of Assets	0.177536326	0.182857486	
		Fraction of Market Cap	0.121	0.132	
		Total Assets	2,556,969.671	2,293,798.199	
		Total Market Cap	635,052.750	379,603.610	
		Weighted Average by Assets	ROI	4.620535598	5.210861415
			ROA	1.002252461	1.045539503
			ROE	23.25455544	23.12625597
			NPM	12.64308558	11.73420931
		Weighted Average by Market Cap	ROI	5.825851309	6.603240209
			ROA	1.178165795	1.222143424
			ROE	20.41741613	21.37324563

Table 1 - Financial Services Sector				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
		NPM	13.65230096	12.66757903
Banco Itau Holding Financiera (ITU)	6021-National Commercial Banks	ROI	4.751	4.751
		ROA	2.443	2.443
		ROE	329.739	329.739
		NPM	12.899	12.783
		Assets	31,972.904	32,258.164
		Market Cap	3,679.55	3,679.55
	Fraction of Assets		0.013	0.014
	Fraction of Market Cap		0.013362214	0.011697375
Barclays PLC (BCS)	6021-National Commercial Banks	ROI	7.341	8.810
		ROA	0.673	0.717
		ROE	16.498	18.954
		NPM	13.737	13.943
		Assets	652,818.031	568,561.388
		Market Cap	108,228.85	142,122.50
	Fraction of Assets		0.257	0.253
	Fraction of Market Cap		0.39303045	0.45181016
Deutsche Bank (DB)	6081-Branches and Agencies of Foreign Banks	ROI	0.528	1.342
		ROA	0.085	0.224
		ROE	2.257	7.496
		NPM	1.325	3.431
		Assets	874,918.854	870,600.713
		Market Cap	38,719.09	44,017.72

Table 1 - Financial Services Sector				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
	Fraction of Assets		0.345	0.387
	Fraction of Market Cap		0.140607425	0.139933184
Lloyds TSB Group PLC (LYG)	6021-National Commercial Banks	ROI	11.666	11.666
		ROA	1.072	1.072
		ROE	27.612	27.612
		NPM	16.768	16.948
		Assets	400,150.823	379,897.539
		Market Cap	50,038.02	50,038.02
	Fraction of Assets		0.157776195	0.168790096
	Fraction of Market Cap		0.182	0.159
Royal Bank of Scotland (RBS)	6081-Branches and Agencies of Foreign Banks	ROI	4.176	4.479
	6712-Bank Holding Companies	ROA	0.600	0.681
		ROE	8.836	10.079
		NPM	13.938	12.767
		Assets	576,332.016	399,392.092
		Market Cap	74,704.62	74,704.62
	Fraction of Assets		0.227242998	0.177451609
	Fraction of Market Cap		0.271	0.237
	Total Assets		2,536,192.629	2,250,709.895
	Total Market Cap		275,370.140	314,562.424
	All Companies			

Table 1 - Financial Services Sector				
			Company Averages:	
Company Name	SIC Code(s)		3 yr	5 yr
	Combined			
	Weighted Average by Assets	ROI	4.92145668	5.576904808
		ROA	0.538880133	0.604716451
		ROE	15.54638047	18.86235777
		NPM	9.96854942	10.15897431
	Weighted Average by Market Cap	ROI	6.275949127	7.143480761
		ROA	0.6666973.74	0.71623946
		ROE	18.62206592	20.25520217
		NPM	12.58579393	12.65732231

Table 2 - Pharmaceutical & Related Firms				
			Company Averages:	
Company Name	SIC Code(s)		3 yr	5 yr
Amgen (AMGN)	2834 – Pharmaceutical Preparations	ROI	7.455	17.594
	2836 – Biological Products Except Diagnostic	ROA	6.275	14.229
		ROE	7.882	18.786
		NPM	9.907	18.783
		Assets	19,9025.300	13,310.620
		Market Cap	66,886.62	65,625.26
	Fraction of Assets		0.135	0.118
	Fraction Market Cap		0.136586197	0.123751384
Baxter International (BAX)	2836 – Biological Products Except Diagnostic	ROI	13.312	13.466
		ROA	7.679	7.793
		ROE	26.000	26.151
		NPM	10.581	10.931
		Assets	12,2000.000	10,995.400
		Market Cap	22,520.55	31,160.61
	Fraction of Assets		0.086	0.097
	Fraction of Market Cap		0.045988215	0.058760432
Johnson & Johnson (JNJ)	2834 – Pharmaceutical Preparations	ROI	25.381	25.061
		ROA	16.379	16.012
		ROE	27.831	27.774
		NPM	17.514	16.836
		Assets	42,435.667	37,558.200
		Market Cap	164.281.01	208,856.52

Table 2 - Pharmaceutical & Related Firms				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
	Fraction of Assets		0.300772398	0.332
	Fraction of Market Cap		0.335470957	0.394
Roche Holdings Ltd (RHHBY)	2834 – Pharmaceutical Preparations	ROI	1.916	6.89
		ROA	1.317	4.551
		ROE	3.183	11.611
		NPM	2.905	10.500
		Assets	46,557.041	45,331.485
		Market Cap;	67,855.38	67,855.38
	Fraction of Assets		0.410341578	0.421
	Fraction of Market Cap		0.386814237	0.356777529
	Total Assets		113,459.233	107,724.166
	Total Market Cap		175,421.1033	190,189.61
	Weighted Average by Assets	ROI	6,838465525	9.466058984
		ROA	4.071273772	5.689644715
		ROE	7.507594878	11.98670598
		NPM	5.111867679	8.726041698
	Weighted Average by Market Cap	ROI	13.50728927	13.93926403
		ROA	7.920456555	8.325124989
		ROE	14.58661349	16.41215631
		NPM	9.370902639	11.2721557
Astrazeneca PLC (AZN)	2834 – Pharmaceutical Preparations	ROI	26.237	22.501
		ROA	14.693	12.578
		ROE	27.578	23.885

Table 2 - Pharmaceutical & Related Firms				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
		NPM	16.410	13.857
		Assets	21,044.667	20,276.800
		Market Cap	74,514.68	77,606.26
	Fraction of Assets		0.185	0.188
	Fraction of Market Cap		0.42477605	0.408046784
Bayer (BAY)	2834 – Pharmaceutical Preparations	ROI	1.007	4.798
		ROA	0.561	2.599
		ROE	0.642	5.340
		NPM	0.602	3.172
		Assets	41,283.982	37,914.020
		Market Cap	20,050.32	26,545.01
	Fraction of Assets		0.364	0.352
	Fraction of Market Cap		0.114298234	0.139571294
Nono-Nordisk A/S (NVO)	2834 – Pharmaceutical Preparations	ROI	20.323	17.351
		ROA	14.915	12.618
		ROE	21.147	18.598
		NPM	16.296	14.948
		Assets	4,573.544	4,201.861
		Market Cap	13,000.72	18,182.96
	Fraction of Assets		0.040310018	0.039
	Fraction of Market Cap		0.074111479	0.096
Pfizer (PFE)	2834 – Pharmaceutical Preparations	ROI	28.634	29.594

Table 2 - Pharmaceutical & Related Firms				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
		ROA	14.939	15.004
		ROE	32.322	32.582
		NPM	18.716	17.693
		Assets	67,428.000	51,273.600
		Market Cap	236,014.45	224,656.81
	Fraction of Assets		0.477911218	0.453
	Fraction of Market Cap		0.48195463	0.423641616
	Total Assets		141,088.967	113,137.820
	Total Market Cap		489,702.63	530,299.20
	All Firms Combined			
	Weighted Average by Assets	ROI	23.47478402	25.10987895
		ROA	13.57603135	14.54676742
		ROE	27.12892695	28.73745499
		NPM	16.46317651	16.8795029
	Weighted Average by Market Cap	ROI	23.94532247	25.37588976
		ROA	13.90482092	14.88146584
		ROE	27.18649577	28.60288183
		NPM	16.73546197	17.09299471

Table 3 - Automobile & Related Companies					
			Company Averages:		
Company Name	SIC Code(s)		3 yr	5 yr	
Delphi (DPH)	3714 – Motor Vehicle Parts and Accessories	ROI	(0.080)	9.529	
		ROA	(0.154)	2.339	
		ROE	0.999	20.197	
		NPM	(0.122)	1.398	
		Assets	19,607.333	19,138.600	
		Market Cap	5,955.23	6,595.12	
		Fraction of Assets		0.060	0.060
		Fraction of Market Cap		0.184834417	0.121854092
Ford Motor (F)	3711 – Motor Vehicles and Car Bodies	ROI	(1.172)	1.741	
		ROA	(0.518)	0.636	
		ROE	(8.908)	5.002	
		NPM	(0.874)	1.002	
		Assets	295,892.000	289,667.000	
		Market Cap	24,888.73	46,119.86	
		Fraction of Assets		0.906	0.905
		Fraction of Market Cap		0.772479637	0.852129101
Visteon Corp (VC)	3714 – Motor Vehicle Parts and Accessories	ROI	(11.704)	(0.253)	
		ROA	(4.263)	(0.756)	
		ROE	(18.802)	0.197	
		NPM	(2.668)	(0.564)	
		Assets	11,098.667	11,414.000	
		Market Cap	1,375.31	1,408.11	
		Fraction of Assets		0.033982655	0.036
		Fraction of Market Cap		0.042685945	0.026
	Total Assets		356.598.000	320,219.600	

Table 3 - Automobile & Related Companies				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
	Total Market Cap		32,219.27	54,123.09
	Weighted Average by Assets	ROI	-1.46434702	2.1349852
		ROA	-0.62341228	0.688507722
		ROE	-8.64945697	5.738689147
		NPM	-0.88980851	0.970029229
	Weighted Average by Market Cap	ROI	-1.41972919	2.637751935
		ROA	-0.61057914	0.8076340..
		ROE	-7.49918017	6.72838102
		NPM	-08115831	1.00965029
Toyota Motor Corp. TM	3711 – Motor Vehicles and Car Bodies	ROI	9.360	6.648
	3714 – Motor Vehicle Parts and Accessories	ROA	4.267	3.940
		ROE	0.999	20.197
		NPM	5.150	4.876
		Assets	173,694.333	162,666.800
		Market Cap	102,575.27	126,610.35
	Fraction of Assets		0.541	0.529
	Fraction of Market Cap		0.782359704	0.816151337
Volkswagen (VLKAY)	3711 – Motor Vehicles and Car Bodies	ROI	4.681	4.681
		ROA	1.830	1.830
		ROE	0.000	0.000
		NPM	2.315	2.315
		Assets	119,066.961	119,066.961
		Market Cap	19,646.81	19,646.81
	Fraction of Assets		0.371	0.387

Table 3 - Automobile & Related Companies				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
	Fraction of Market Cap		0.14984965	0.126646571
Volvo (VOLVY)	3711 – Motor Vehicles and Car Bodies	ROI	0.130	6.361
	3714 – Motor Vehicle Parts and Accessories	ROA	0.048	3.618
		ROE	0.233	8.711
		NPM	0.045	5.906
		Assets	28,201.731	25,761.324
		Market Cap	8,888.04	8,873.82
	Fraction of Assets		0.087865981	0.084
	Fraction of Market Cap		0.067790647	0.057
	Total Assets		320,963.025	307,495.085
	Total Market Cap		131,110.12	155,130.97
	All Companies Combined			
	Weighted Average by Assets	ROI	6.813371463	5.862441511
		ROA	2.9922155	3.096120663
		ROE	0.561097784	11.41421575
		NPM	3.650071092	3.970942644
	Weighted Average by Market Cap	ROI	8.033357887	6.382655306
		ROA	3.615785064	3.654531332
		ROE	0.797372565	16.98221698
		NPM	4.379433047	4.610929301

Table 4 – Computer & Related Companies					
Company Name	SIC Code(s)		Company Averages:		
			3 yr	5 yr	
Canon Inc. (CAJ)	3577 – Computer Peripheral Equipment	ROI	11.697	9.556	
		ROA	7.258	5.852	
		ROE	13.658	11.486	
		NPM	6.915	5.649	
		Assets	25,271.145	25,161.714	
		Market Cap	34,991.985	33,618.957	
		Fraction of Assets		0.110	0.110
		Fraction of Market Cap		0.36977742	0.339732121
Fujitsu LTD (FJTSY)	3571 – Electronic Computers	ROI	(7.207)	(4.088)	
		ROA	(3.428)	(1.936)	
		ROE	(17.145)	(9.790)	
		NPM	(3.376)	(1.915)	
		Assets	37,230.772	40,478.610	
		Market Cap	0.000	0.000	
		Fraction of Assets		0.163	0.177
		Fraction of Market Cap		0	0
Hitachi LTD (HIT)		ROI	(2.615)	(1.138)	
		ROA	(1.314)	(0.568)	
		ROE	(5.253)	(2.355)	
		NPM	(1.843)	(0.816)	
		Assets	83,285.588	86,671.795	
		Market Cap	20,651.830	26,352.251	
		Fraction of Assets		0.364	0.378
		Fraction of Market Cap		0.21823799	0.26629934

Table 4 – Computer & Related Companies				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
Dell (DELL)	3571 – Electronic Computers	ROI	35.153	36.283
		ROA	13.027	15.039
		ROE	38.650	40.108
		NPM	5.458	5.996
		Assets	16,105.333	14,644.400
		Market Cap	72,845.520	77,091.540
		Fraction of Assets	0.128	0.127
		Fraction of Market Cap	0.242814588	0.186036077
Hewlett-Packard (HPQ)	3571 – Electronic Computers	ROI	2.109	8.227
	3577 - Computer Peripheral Equipment	ROA	1.193	4.571
		ROE	2.539	9.431
		NPM	1.075	3.570
		Assets	59,334.000	49,461.600
		Market Cap	49,539.300	77,645.170
		Fraction of Assets	0.417	0.429
		Fraction of Market Cap	0.165128407	0.187372088
Intel (INTC)	35577 – Computer Peripheral Equipment	ROI	8.987	16.327
		ROA	7.393	12.911
		ROE	9.221	16.797
		NPM	11.742	18.270
		Assets	45,254.000	45,511.200
		Market Cap	173,560.530	254,311.590
		Fraction of Assets	0.359	0.395
		Fraction of Market Cap	0.578526017	0.613700679

Table 4 – Computer & Related Companies				
Company Name	SIC Code(s)		Company Averages:	
			3 yr	5 yr
Unisys Corp (UIS)	3571 – Electronic Computers	ROI	7.005	8.055
		ROA	3.026	3.217
		ROE	10.489	11.456
		NPM	2.912	3.081
		Assets	83,134.711	79,978.940
		Market Cap	38,986.044	38,986.044
	Fraction of Assets		0.36315702	0.335725868
	Fraction of Market Cap		0.4198459	0.39396854
	Total Assets		228,922.216	229,291.059
	Total Market Cap		94,629.859	98,957.252
	Weighted Average by Assets	ROI	1.71146616	2.601125253
		ROA	0.86475828	1.165773602
		ROE	0.61764205	2.487948289
		NPM	0.60124972	1.007717708
	Weighted Average by Market Cap	ROI	3.60640289	3.919036692
		ROA	3.664395537	3.104225603
		ROE	8.22540881	7.78823611
		NPM	3.35449737	2.915544545
Unisys Corp (UIS)	3571 – Electronic Computers	ROI	6.854	9.371
		ROA	2.743	4.185
		ROE	11.895	18.986
		NPM	2.508	3.602

Table 4 – Computer & Related Companies					
Company Name	SIC Code(s)		Company Averages:		
			3 yr	5 yr	
		Assets	5,408.637	5,566.500	
		Market Cap	4,059.360	5,341.970	
		Fraction of Assets	0.04288893	0.04832715	
		Fraction of Market Cap	0.013530988	0.012891157	
		Total Assets	126,101.700	115,183.700	
		Total Market Cap	300,004.710	414,390.270	
		All Companies Combined			
		Weighted Average by Assets	ROI	9.001090567	15.04950876
			ROA	4.995869268	9.178546382
			ROE	9.950221178	16.70371504
			NPM	5.52429991	9.688177752
		Weighted Average by Market Cap	ROI	10.12984683	16.29487735
			ROA	7.674302169	11.63163826
			ROE	15.29958435	19.78189137
			NPM	8.329783268	13.04310923

Table 5 summarizes the financial performance of all of sampled firms combined. The profitability measures of ROA and ROE indicate a better than industry performance for all companies combined, as evidenced by both the mean and median returns.

Across the sampled companies, the five year rate of return exceeded the 5 year industry rate of return in the case of 26 companies, below the industry average for another 26 companies, while 13 had returns equal to about the average. When examined individually for the comparison of the five year performance between each firm's profitability performance compared to industry

average, a somewhat different picture emerges depending on the profitability measure examined. That is to say, in the case of ROA, about equal number of firms performed above or below industry ratio, while using the ROE, 41 firms had a higher return than industry average and 23 below; in the case of profit margin, 37 companies experienced higher than industry average, while 27 showed lower results than the industry profit margins on a five years combined basis. The year by year, firm by firm by profitability performance ratios for all companies sampled in our study are provided in the accompanying spreadsheet.

Table 5 – All Industries and Firms Combined

5-yr data		Mean	Median	Std Dev
ROA-%	Companies	6.02	5.04	5.22
	Industry	5.68	5.1	3.78
ROE-%	Companies	18.25	15.25	22.67
	Industry	15.05	13.17	9.44
Profit Mrgn-%	Companies	6.71	6.07	6.7
	Industry	6.9	6.13	5.92

The preliminary results of our study indicate that pursuing “triple” bottom line does not seem to have adversely affected the profitability of the sampled companies that come from different industry sectors and around the globe. If anything, more companies that are selected by Dow Jones for their excellent sustainable management practices seemed to have actually performed better than the average firms in that industry. We plan to analyze the data in more depth and in a multivariate context in the near future.

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