

Sustainability Business Index in Slovenia: Development, Verification and the Initial Empirical Findings

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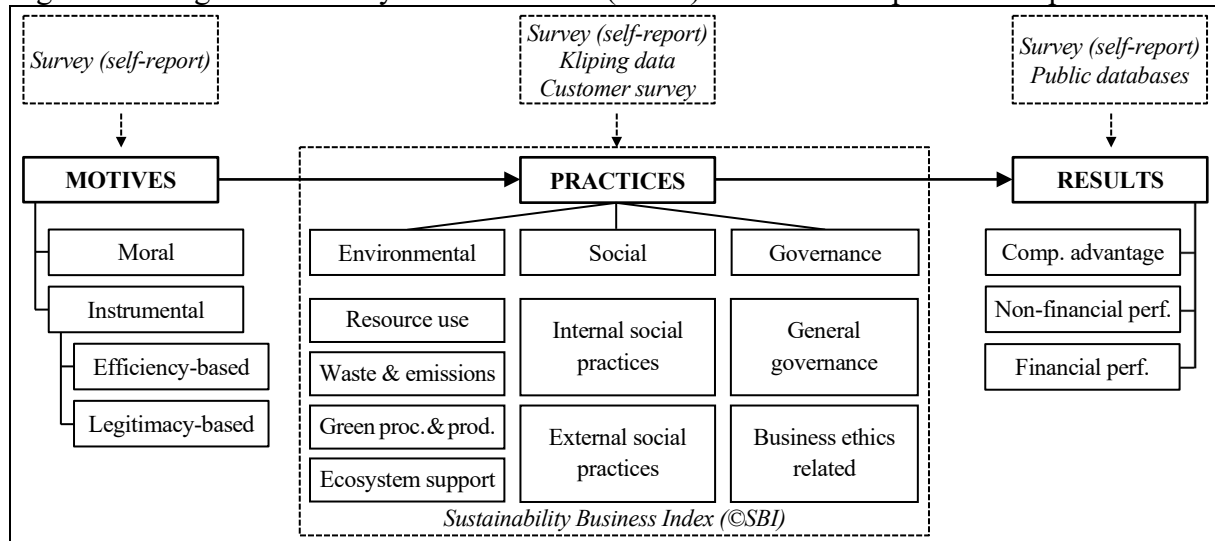
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Abstract

By developing a *Sustainability Business Index* (hereafter: ©SBI), the first systematically developed index of this kind in Slovenia, we enable the companies in the small, open and export-oriented Slovenian economy to monitor and evaluate their sustainability-related activities in a transparent and comprehensive way. In addition to sustainability practices, our research also deals with the motives for and results of corporate sustainability. The *research design*, including the structure of constructs and data sources, is shown in Figure 1.

Figure 1: Using Sustainability Business Index (©SBI) to monitor corporate ESG practices



The *complexity and subjectivity* of evaluating companies' sustainability practices pose challenges in research. Addressing the reporting complexity, we divided the self-reporting survey into several parts, assigning each to a relevant expert. An even bigger challenge is the social desirability bias (SDB), where companies present embellished sustainability reports. To mitigate SDB, we ensured respondent confidentiality, crafted unbiased questions, and *cross-validated self-reports* with media analysis and customer surveys. While limited to larger companies, these verifications aim to minimize bias and enhance the objectivity of sustainability scores.

The ©SBI development began in 2020, initially focusing on environmental and social practices. Governance practices were included in 2022. This study presents results *without governance practices, focusing on motives and targeting large companies* in Slovenia. Using two moderated mediation models for environmental and social dimensions, data from 236 companies (environmental part) and 219 companies (social part) reveal moral motives strongly influence responsibility strategy, acting as a mediator for environmental/social practices. Financial health negatively moderates the strategy–practices relationship in the environmental model, suggesting sustainability isn't limited to financially healthy firms.

Presenter's biography

Tomaž Čater, Ph.D., is a Full Professor of Management at the School of Economics and Business, University of Ljubljana, Slovenia. His past and present positions at the faculty include head of Distance Education, head of the Department of Management and Organization, and head of the Master Program in Sport Management. External to the faculty he was a member of the management board of the European Academy of Management (EURAM) and the president of the Slovenian Academy of Management (SAM). His main fields of research, teaching and consulting are competitive advantages of firms, strategic management, corporate social and environmental responsibility, and sport management. He has also worked as a visiting professor at universities in Indiana (USA), Chemnitz and Regensburg (Germany), and Dubai (UAE), among others. He is the author or co-author of 67 scientific articles in journals, including the award-winning article in the prestigious journal *Organizational Research Methods*. As an advisor he has consulted numerous Slovenian companies such as Domel, Elan, Elektro Gorenjska, Petrol, Voka Snaga, Zavarovalnica Triglav and many others.