

**VIRTUOUS TWO-WAY LINKS BETWEEN SUSTAINABILITY STRATEGIES AND PERFORMANCE MEASUREMENT SYSTEMS: EVIDENCE FROM AN ITALIAN CASE STUDY.**

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**ABSTRACT**

The aim of this paper is to analyse the main links between sustainability strategies and Performance Measurement Systems (PMS). Specifically, we investigate how sustainability strategies impact PMS and what effects PMS have on sustainability strategies after its adoption. The methods are based on a relevant literature review, a framework development and an empirical analysis of an Italian case study. Our results confirm that the decision to integrate sustainability into corporate and business strategies push companies to implement changes in performance measurement systems. Specifically, the PMS changed with regard to the introduction of performance indicators and the collection of data; however, we observed a reduced impact on models and tools useful to support decision-making. The results also show that the sustainability performance measurement should be a stimulus for sustainability strategies development. The findings extend the current knowledge of strategic management, corporate social responsibility and performance measurement. Moreover, the paper offers interesting implications for executives and managers engaged in the adoption of sustainability strategies by suggesting dimensions to analyse and identifying key actions and critical issues in the two-way path between sustainability strategies and PMS.

Keywords: *sustainability strategies, performance measurement systems, legitimacy theory, resource based view, case study*