



Triple bottom line: A journey towards corporate excellence

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Abstract

Today organizations are not mere economic entities. There has been an evolution of the concepts of managing business from Agency Model, Stewardship Model, Stakeholder Model, Societal Model i.e., what comes from society, as inputs to business should go back as outputs to society. Businesses have proved that they can discharge their social obligations and still be profitable and earn returns to all the stakeholders. The focus of organizations is to be economic as well as social entities and contribute to the growth and development of economy. Triple bottom line Approach enables business to converge three important dimensions Social (PEOPLE), environmental (PLANET) and financial returns (PROFITS) to achieve sustainable development. This paper makes an attempt to have an insight into the Triple Bottom Line as to how organizations can align the three dimensions strategically to overall business performance and achieve Corporate Excellence. It showcases the companies who have adopted TBL, have made significant changes and potentially revolutionized their approach.

To incorporate TBL concept, an organization has to design a framework of policies and practices in Strategic Planning, Implementing and Control at all levels of management. TBL can be an effective Governance Mechanism to deliver good Corporate Governance. In future, TBL approach will not just be a fad or luxury but very essential for the very survival of the business.

Keywords: triple bottom line, SHRM, business ethics, corporate excellence, sustainable development

Introduction

Corporate excellence can be achieved by practicing what is defined as C G by Sir Adrian Cadbury in 'Global Corporate Governance Forum'.(World Bank 2000). Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The CG framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of these resources. The aim is to align as nearby as possible the interests of individuals, corporations and society".

A good TBL structure should encourage companies to create value through Entrepreneurism, Innovation, Development and Exploration and provide accountability and control systems commensurate with the risks involved.

Need

To inculcate the practice of BL, framework of policies and practices should be incorporated in strategic planning, implementing and control at all levels of an organization.*

The task for a business is to develop 'Customized Model' or framework suitable to the environment in which it is operating. It requires a detailed and complex analysis of the company's interaction with ecological systems, societies, resources in local and global / internal and external environment. So need is to devise mechanisms, control systems, audits to measure quantitative and qualitative aspects, reporting, analysing gaps and taking corrective actions.

Areas of concern to implement TBL

- Acquiring HR with different mindset
- Attracting and Retaining present and potential investors

- Creating awareness regarding ethical investment or socially responsive investment.

Social (People)

Among all the resources a firm has Human Resources is the most sensitive, capable and underutilized. The people dimension of the TBL approach focuses strategic human resource management. First responsibility of the firm in this regard would be to develop a HR strategy in alignment with Business and Corporate level Strategy.

Today businesses being Multicultural Organizations should take care of:

- Workforce diversity
- Changing employee expectations
- Flexi work
- Work from home
- Career advancement:
- Differently abled.
- Strategic Performance Management and Appraisal
- Knowledge Management
- Talent management
- Employee engagement and Employee retention.
- Reward and compensation
- Ethical policy
- Whistleblower mechanism
- Multinational organization: Expatriation and Repatriation

Management should accept, adapt to the workforce so as to convert its HR into competitive advantage over the other organizations. Strategic HRM will enhance the competency of HR which will result in optimum utilization of all the resources of the firm.

Planet (Environment)

Depletion of resources creates ecological imbalances posing serious threat to environment. Toxic Emissions, landfills posing a serious health hazard to the life of people, plants, animals and other species. Remedy can be sought through renewable energy sources, efficient waste management systems, green initiatives and green audit. Businesses should be made to bear cost of waste disposal. CSR initiatives of companies’ are an excellent example in this regard.

Organizations which protect the environment and improve the social well-being of its stakeholders have yielded good financial results compared to their rivals. This has not only substantially reduced the financial burden but also has increased revenues.

Profit (Economic)

There was a time when people believed the only responsibility of a business was to earn maximum profits

and not focus on social and environmental issues. Their fear was if the business diverted their attention on other issues, their focus on business would deplete. Today, ‘profit aspect’ is seen as the real economic benefit accrued to the society. Organizations should maintain financial stability by exercising care in the following:

- Financial operations of the firm should be transparent
- Ensure adequate disclosures
- Insider trading
- Increase revenues
- Decrease costs
- Contributing to GDP
- ROI

All of the above will restore the financial interest and confidence of investors and maintain goodwill in the market and help the business to earn appropriate returns to stakeholders.

7 Companies Proving Triple Bottom Line Is Possible

Table 1

Name of the Company	Triple Bottom Line Approach
Seventh Generation	Seventh Generation has proved that cleaning products <i>can be</i> environmentally sound without the use of harsh chemicals. They use natural ingredients in their products and protect people <i>and</i> the environment.
DHL	By their very nature, shipping companies are large consumers of oil and gasoline. DHL is taking shipping back-to-the-basics, enacting a revolutionary delivery program. They now use couriers on bicycles in many European countries, including Germany and the Netherlands. DHL estimates that this change alone will reduce their carbon dioxide emissions by 152 metric tons per year.
Enviro Pure Systems	Food waste and disposal is a big issue for restaurants and supermarkets. EnviroPure Systems has created a revolutionary solution that helps effectively dispose of organic food waste <i>without</i> resorting to landfills. The food waste solution speeds up the composting process and creates a byproduct that can then be used for landscaping and gardens. Water use reduction comes in the form of a dry system.
CSI global Card	With the company’s seismic shift to online shopping, CSI’s global Card proves that one can make a payment in <i>person or online</i> without use of plastic or paper.
Due	Due’s revolutionary online invoicing platform has changed a paper intensive process. Online invoicing enables invoices now being accessed via email or through a link. The recipient can go online, view the invoice, and then <i>pay it directly</i> .
Patagonia	Patagonia does not use any chemicals in their production processes and often use recycled, organic, or environmentally sound materials. They are proving that outdoor equipment and clothing can be made for all types of environment <i>without</i> causing any harm to the environment.
The Eco-Laundry Company	Eco-Laundry Company locations and stores are powered with wind energy, use machines that conserve water and non-toxic, biodegradable soaps and detergent. Their green dry cleaning service also uses biodegradable hangers. Looking to revolutionize the industry, The Eco-Laundry Company offers franchise opportunities.

Source: **

Key Benefits of TBL to business

Pursuing the triple bottom line initiative increases the transparency and accountability of an organization’s operations, enhances its reputation. This is the key benefit to organizations as it can attract, recruit, and retain the best talent and improve productivity. Creates New Market Potential- by pursuing these initiatives, new markets can open up. For example, fair trade food has recently become very popular in the consumer market. However, there has to be an effective Reporting System to

Monitor aimed at improving performance.

Key Areas of concern of TBL to Business

Lack of Understanding and belief regarding the concern for social and environmental issues which is hardly found in poor communities, it is only a concern for richer societies. It may be only used as a Marketing Tool. Failure to incorporate quantitative and qualitative measurement system for each of the three elements can make it hard to measure and control performance.

ITC: An exemplar in Triple Bottom Line performance



Source: ITC Sustainability Report 2012

Fig 1

Today, itc is the only company in the world to be carbon, water & solid waste recycling positive. In addition, its businesses have supported the creation of over 6 million livelihoods

Future of Triple Bottom Line: Integrated Bottom Line (IBL)

Integrated Bottom Line (IBL) focuses on including the organization's social, environmental, economic performance and highlighting it into an integrated system of reporting. Such reporting will help the organization to provide a holistic outlook to its present as well as potential employees and investors.

Quadruple Bottom Line (QBL)

There has been an extension to the TBL Approach known as Quadruple bottom line (QBL). The fourth dimension represents a future-oriented approach (future generations, intergenerational equity, etc.).

Conclusion

There should be no conflict between economic prosperity and good corporate citizenship. Business organizations can adopt TBL to create an economically viable business while retaining the core environmental and social values. TBL practices can serve as external and internal Governance Mechanisms and ensure Good Governance. Integrating IBL performance measurements into one report will provide a more holistic look into a company's performance and assist decision makers in understanding opportunities for long term value creation that can be leveraged during long term

organizational planning. IBL approach will attract potential investors, who are interested in Ethical investment or socially responsive investment. Inspire of designing an excellent framework, the spirit of implementing is what makes it a success.

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