

The concept of the triple bottom line



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The triple bottom line model not just only measures the success or health of a corporation through just by its traditional financial bottom line but also the social ethical and environment performance (Macdonald C & Norman W, 2003). Triple bottom line is a continuous process which will help the corporation concentrate on performing into a more sustainable business while demonstrate to the local community and the employees of the business that not only looking forward on profit, but also a greater common good. It is a sustainable business model which balance economic success, social participation and environmental sustainability (Crow R, 2010). The corporation that used triple bottom line to capture the set of values, processes and issue can reduce and resolve any damage resulting to their activities and to create economic, social and environmental values. It highlighted that the corporation need to taking into account all need of the corporation's shareholders, stakeholders, employees, customers, governments, business partners, local community and the public (Sarre, R. & Treuren, G. 2001)

For environmental bottom line, the corporation should consider their impact on the environment. This will include through its renewable and non-renewable resource consumption, resource use take into account the air, land, water and waste emissions generated (Altomore M & Natrass, 2002). For example, the National Environmental Policy Plan in its third phase of the Netherlands, focusing on economic growth and absolute decoupling of environmental pressure and the sustainable use of natural resources. In order to achieve this striving goal, it has forged new alliances with industry in the pursuit of a sustainable industrial strategy at the general level. The

integrated environmental planning, policies and programs had resulting in a wide range of breakthrough towards the goal of sustainable development concrete results. Besides that, Henkel is one the corporation that acquired the integrated management system for a first-rate, quality, safety, health and the environment while dealing with traditional business values and ethics. In addition, there is no niche or ' green ' products, all products must be environmentally healthy, the company has established systems and product development process must be consistent with this objective (Fava J, 1999). Futher more, Sony's brand strength and innovation in product development is one of the world leader. It has expanded its world-class management and technical innovation, including the environment, requiring all Sony products into product development as part of the environmental problems and have rigorous environmental management system standard ISO 14001 or EMAS certified close to 100% of the production base, and focus on technology research and development to reduce the impact on the environment. Hence, it shows that the corporate not only emphasis on their profit but also the environmental.

Other than that, social bottom line is refer to the organization must consider how it affects the communities it operates in the social, ethical and political climate. It states that the social agenda of business for a long time which take it into consideration such as slavery, child labor and working conditions in an early controversy. In addition, many corporations are more concerned on their social capital and to ensure that the corporation had performed well. The corporation understands that if they gain the reputation, they are more likely to attract the best employee to work for them (Altomore M & Natrass,

2002). It also captures the social impact of the activities of an organization that included the internal and external organization, supply chain, business partners and public. It ensure that the organization of the operating license of the key factors, and to support the organization's ability to provide quality environmental and economic performance improved reputation and improve the trust of stakeholders, create opportunities and reduce costs (Zadek S, 2007). For example, Starbucks is the good business models that adopted the approach into its corporation. Starbucks is one of the corporate that practice social bottom line to pay its business model based on social responsibility by paying the employee the hourly wages above the minimum wage, negotiating long-term contracts with coffee growers who farm in environmentally friendly ways. In addition, John Pizza took place in the social bottom line after Hurricane Katrina happen. John's Pizza took weeks to send thousands of trailers free 6-inch pies which benefits for the local residents and rescue personnel in another way to promote the company's products (Marcic D & Daft R, 2008).

However, there are few advantages when adopting triple bottom line approach into the business. Enhancement of reputation and brand can be seen as one of the advantages towards this approach. It states that a corporate reputation is which a company perceived its stakeholders in a function of way. It protect and enhance the corporation reputation and by having effective communication with stakeholders on one or more of the social, environmental and economic dimensions which act as an important role in managing stakeholder perceptions and the corporation's reputation and brand have a great impact on public perception (Eccles R, 2001). For

example, Ecolab that placed at St. Paul Minnesota had developed new products in a short time to curb the foot and mouth disease in livestock which address unexpected hazards with an antimicrobial disinfectant product in response and another new product to combat SARS at the Toronto airport. Ecolab had gain the enhancement of reputation and brand by giving good impression towards the public and society. Besides that, the another important aspect of reputation and brand as the success factors of corporate social responsibility, is the company's sustainable development is such a condition or characteristics of organizations to continue to support its business that including the company's environmental, social and economic aspects (Henley K & Derickson R, 2007). Eventually, the company transfer of environmental, social and economic into dollars, either directly or indirectly affect the reputation or brand as well as the bottom line. For example, a corporation's product that contributes the safety of the environment will gain the reputation from the public or corporation that supports community and charity events will generate public approval. These two examples may have employee referral employment or other applications thereby reducing the potential for tie and employment costs.

Moreover, the advantages to implement triple bottom line can increased revenue and market share of a corporation. From the triple bottom line, the owner of the corporations believes that it can benefit a greater deal in the increased revenue and market share. Through the market share advantages, it shows that it will lead the customers and stakeholders will respond positively to triple bottom line efforts. It is clear that the leaders can view the economic value aspect from the triple bottom line which can cost savings as

well as revenues from innovations and new market opportunities (Baltes J, Quinn L, 2007).

Furthermore, improve employee retention was also seen as the benefits of the implementation of triple bottom line. The publication of triple bottom line act as a role that positioning an employer as an employer as choice which can increase employee loyalty and reduce turnover attract knowledge workers (Eccles R, 2001). Many companies have realized that there was a strong sustainable development or corporate social responsibility programs that will help recruit and retain talent. A recent Stanford University study show that MBA graduates will be getting \$ 13000 annual salary lower to work for a 'responsible' company and another study found that employees in the company will have a longer retention rate and more satisfied for their working condition when the companies with a strong sustainability programs implemented.

Other than that, another advantage is increased community support to the triple bottom line. Local communities can have a strong influence on a firm's 'license to operate' and this is like the reputation of an informal community and stakeholders as a support organization's business that the community is likely to be more and more companies to exchange information on their environmental, social and economic factors support the performance of open and honest. If a company engaged in the communities surrounding and social impact, it is the role of solving social problems that it raises as a good corporate citizen and partner companies, thus opening the door to dialogue and positive relationship between the stakeholders. In view of the task

organization also led to avoid regulatory problems, bad publicity, and outraged set of special interests (Weber K & Savitz A, 2006).

Despite from all the advantages of triple bottom line toward the corporation, there do have some criticism for it. It is not known and generally accepted standards of a summary of the triple bottom line that by giving to the business may not be the ethical theory or different version of ethics in business. It stated that the three separate accounts cannot be easily added (Hindle T, 2008). It is difficult to measure a profit that in terms of cash is the same planet and the people of accounts. In contrast, there is not universal, as equivalent to all the social and environmental impacts, and even a common currency unit of society and others to the financial performance (Hetrick S & Martin G, 2006). The other is more fundamental reasoning involved in the different versions of the debate on governance and moral position. According to Norman and McDonald, corporate social responsibility and stakeholder theory is mainly based on a good theory. However, this is opposing which sometimes with the human rights theory which underpins the basis for the creation of shareholder value case. Therefore, to fulfill obligations to shareholders it may not always have a positive impact on the construction of social theory but the rights and fulfill the social obligations to them. From the right point of view, it is not to say that the three lines to maximize the commitment to shareholders, employees and the general public does not fulfill by triple bottom line but better than one obligation to shareholders.