

Triple bottom line essay

[Business](#), [Industries](#)



Triple Bottom Line Environmental sustainability and social responsibility are crucial aspects institutions give attention to especially in a time wherein consumers are educating themselves on their decisions for purchasing their goods and services. Triple bottom line helps organizations view their performance with these aspects represented. Similar to financial reports, triple bottom line is a tool for decision makers and investors too look into the performance of a company. Their reports will not be strictly confined to indicating their financial performance but with triple bottom line reports their performance may be examined in economic, environmental, and social areas.

Triple bottom line reports will help decision makers in an organization target areas in which they believe calls for them to act on their social responsibility. Therefore they can better ensure consumers that their service or product is safe. Triple bottom line reporting, if voluntarily shown to the public by organizations, can indicate their achievements in the industry. These reports may specify their enhancements or adherence to environmental and social concerns which may lead into other companies emulating to their example and thus increases consumer confidence in their organization and the industry. Such reports can promote social and economic responsibility in the industry and with aggressive marketing, even consumers. This may be an aspect looked at by investors. It makes companies look good, especially when they were caught by the public or the investor community in social or environmental issues, such as child labor or none compliance to an environmental policy. Providing these reports can return consumer confidence lost in previous situations.

It will help them show to their target market that they have done what was needed to be done and maybe prevent a reoccurrence or improve standards. Promoting social and environmental awareness and responsibility can help score points in consumer and investor confidence. What makes triple bottom line a major advantage is that it can help regulate the actions of companies. It helps regulators and companies by making sure that companies are accountable for their actions. Success is accompanied by responsibility and should not be at the expense of others or the environment. It helps companies take into consideration the impact of their business operations, not only on financial capital but to natural resources and human capital as well, which are one of the main inputs in businesses. It helps in industry sustainability because triple bottom line reporting may help companies to look at different perspectives and attend to economics, environmental, and social issues of the present to sustain the development of the industry for future generations. Failure to recognize the externalities of their operations may lead to inefficiency, not only to them but to other industries that may share a common resource or a resource affected by their operations.

If all or most companies released triple bottom line reports or are required by government policies to release such documents it may lead into investor confidence considering the high demand on issues of corporate sustainability (Tschopp, 2003). Most companies already use triple bottom line reporting but without regulated standards or consistent guidelines these reports may not be efficient for investors to compare companies in their performances with the economic, environmental, or social impacts. It may mislead investors making it an advantage to make triple bottom line reporting

required or at least standardized within industries for at least some kind of symmetric information between investors and different companies. Though making it a requirement or an obstacle seems like a good move in addressing economic, environmental, and social concerns, it may not be as easy for there are already existing requirements that state the transparency of companies in environmental and social data, relevant to their business operations, be submitted to separate regulatory bodies. Some aspects in a triple bottom line report might have already been overlapped or looked into by these guidelines. Some may argue that it may not be efficient to provide information already released to other regulators and it may just be too much work if it has already been taken care of. Some may argue that too much emphasis of the triple bottom line reporting on social and environmental concerns may overpower financial matters.

The bottom line to some is still the financial performance because companies that fail to earn will eventually cease to exist. Companies already struggling with their financial performance may be pressured to attend to other concerns, that with due credit affect sustainability, but may jeopardize the existence of a company. Some may question the need for triple bottom line reporting with the existence of other regulatory bodies concerning different environmental and social guidelines. It can be argued that it is nothing but a promotional tool when some concerns within such reporting can be addressed by abiding to existing guidelines set by present social and environmental regulators. The triple bottom line may also have a weakness in itself. It is not a formula yet companies may perceive to compromise environmental and social actions by perceiving them as equal. If companies

do this, they may defend poor performance in one area for good performance in another. Companies may trade off economic, environmental, or social factors.

Triple bottom line reporting might provide the illusion that these factors are separate and may be treated as in isolation (The Sigma Project, 2006).

Economic, environmental, and social aspects are not individually separate from one another. They are often intertwined within one another.

Sustainability is one of the major ideas that this concept, triple bottom line, is trying to address; and it is quite successful. With companies operating under responsible action, sustainability is not a far cry away. Resources will not be exhausted for the use of future generations; resources will not be put into a situation which may affect the performance of the industry or other industries that use similar resources. Triple bottom line reduces the risk of further damage in the environment and human capital. A damaged environment or weak human capital may increase production costs or inefficiency. No one wants sickly or unhappy employees and no one, especially future generations, wants resources that will not lead to progress in the industry. Maintaining or entering such reporting can increase market participation, but not necessarily competition, that may lead to specialization. Companies actively using triple bottom line reporting may lead their industries by providing an example on how sustainable development is achievable.

Not only will other companies follow but, as stated earlier, it can help educate consumers in making the right choice in choosing products and

services. With such actions, companies can expect consumers to support their actions and supporting their actions may mean stronger sales due to consumer preference and confidence. The bottom line in the triple bottom line is sustainability and responsibility. Bibliography CPA Australia. (n. d).

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