Triple bottom line critical essay

[Business](), [Management]()

The triple bottom line refers to an extension of the criteria used to measure organisational success. Traditionally, business success (orfailure) is measured in terms of its economic performance. A business is considered to be successful if it has generated a sufficient financial return from its investments, financing activities and operating activities. The triple bottom line takes into account three criteria for assessing organisational performance; 1. economic, 2. social 3. and Environmental.

The financial or economic performance of an organisation is the easiest of the three criteria to measure accurately. Traditional accounting methods take into account the inflow and outflow of resources from the business, generally including cash and finances, assets, liabilities and other easily definable business resources. The economic criteria can then be used to determine how much an organisation generates in monetary value. It can also be used to determine the net worth of the business at a given point in time.

The social performance of an organisation is somewhat more difficult to define and measure. The social criterion of the triple bottom line takes into account the impact that a business has on people within the business (employees) and people outside of the business (the community). A business applying the triple bottom line principles will act in a way that benefits the community and will ensure that people are not being exploited or endangered by the operation of the business.

Social factors that should be considered include labour utilisation and wages, working conditions and contribution to community living standards. Environmental performance is concerned with a business' total impact on the naturalenvironment. Triple bottom line organisations aim to improve the environment where feasible, or at the very least, reduce and limit their negative impact on the environment. Organisations need to look at more than just obvious environmental issues (likepollution) and should consider the total lifecycle impact of their products and services.

Triple bottom line reporting is becoming more widespread amongst both large and small organisations. Triple bottom line reporting makes business decisions and actions more transparent and allows people to gain a thorough understanding of a business' level of corporate socialresponsibility. The triple bottom line report also helps manager to assess and compare their performance across all three criteria against the business objectives and long termgoals.