

Essay about triple bottom line

[Business](#), [Management](#)



Introduction

In the 1990's, mainly due to global warming and its effects like the "ozone layer", the world has spread the idea of the Green Movement and people started to question organisations' practices and their environmental, social and economic impacts. With this in mind, companies started to pay more attention to business sustainability in order to improve the company's reputation. The Triple Bottom Line (TBL) concept is a methodology that focuses on the 3 P's: People, Planet and Profit. It was first introduced by John Elkington in 1994 and has increasingly become a basis for business sustainability.

Not only has the world's Green mentality influenced how companies operate but also government policies have made companies implement a different approach. Although many companies are using the TBL reporting and have reported to reduce costs due to this approach some companies avoid incorporating sustainability into their practices. As Bristol was considered the European Green Capital large and is seen as a true role model for the Green economy in Europe. This award encourages cities to improve the quality of life by taking the environment and social aspects into account in urban planning and management.

It is believed that companies in Bristol have been influenced by this award to take a more sustainable approach towards the operations. This paper will review the TBL concept and Corporate Social Responsibility (CSR). It will also include thoughts of TBL in relation to the organisation researched and its effects on its operations by linking theory to research findings. Research

methods The research methods used in this report consist of field interviews to customers and employees of the chosen organisation.

The interviews were conducted between the 29th of November and the 1st of December. The only sources of evidence used in this report are data collected from the conducted interview, relevant information from literature and personal experiences that were related to the topic. Literature review The Triple Bottom Line concept was first introduced by John Elkington in 1994 to expand the environmentalist agenda of those working towards sustainability so that it more explicitly incorporates a social dimension (Elkington, 2004).

The triple bottom line is described as an inevitable expansion of the environmental agenda [that] focuses corporations not just on the economic value that they add, but also on the environmental and social value that they add – or destroy (Elkington, 2004). This framework went beyond the traditional measures of profits, return on investment and shareholder value to include environmental and social dimensions (Slaper and Hall, 2011). . In addition, Savitz argues that TBL captures the essence of sustainability by measuring the impact of an organization's activities on the world including both its profitability and shareholder values and its social, human and environmental capital (Savitz, 2006).

The three performance elements that compose TBL are social, environmental and financial variables. These are commonly to as the 3 Ps: people, planet and profits. Nevertheless, the 3Ps do not have a common unit of measure (Slaper and Hall, 2011). It is a very difficult task to put a value on social and environmental dimensions of the Triple Bottom Line. Some argue that <https://assignbuster.com/essay-about-triple-bottom-line-essay-samples/>

monetizing these dimensions would be a good option as it would have a single unit of measurement but on the other hand, how could you find the correct price for extinct species?

Different views on how to measure TBL has been a subject of argument since it began to be studied. The number of companies that use some kind of 3P accounting grows at an impressive rate (Tullberg, 2012). According to KPMG 70% of the top 250 companies of the world did so by 2005 (Tullberg 2012). This supports that companies are trying to achieve their goals of profit maximization and economic growth while increasing environmental and social awareness and responsibility and also by focusing on having sustainable operations.

Sustainability is defined as the development that meets the needs of the present without compromising the ability of future generations to meet their needs (WCED, 1987). Companies with different sizes and structures understand that having sustainable operations is extremely important and they do so by balancing the 3 dimensions of the TBL concept. Environmental sustainability is related to the reduction of the footprint left by the company on the environment. Social sustainability shifts the focus to both internal communities (i. e. , employees) and external ones (Pullman et al. , 2009).

In order to enhance their social reputation companies engage in Corporate Social Responsibility (CSR) (Fombrun, 2005). Corporate Social Responsibility requires companies to acknowledge that they should be publicly accountable not only for their financial performance but also for their social and environmental record (CBI, 2001) and, by relating the TBL concept to CSR, it can be suggested that companies not only need to engage in socially and

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environmentally responsible behaviour, but, also, that positive financial gains can be made in the process (Gimenez et al, 2012).

In recent years, governments have implemented legislations that oblige companies to provide information on how they are being socially responsible. According to the UK Corporate Governance Code the board should set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met (Financial Reporting Council, 2012) and Henderson (2004) states that in the UK there is a minister that is charged of promoting CSR.

These are some of many examples to show the importance given to CSR. It is not only in the UK that legislation plays a large role in investments by companies in CSR but, also, in other countries in the EU like Germany where companies were required to implement CSR updates on their reports. However, by implementing regulation that obligates companies to report on their CSR means that those that were already being sustainable will lose their competitive advantage.

An UK Government report on CSR states that CSR is about companies acting voluntarily to raise performance beyond minimum legal standards (UK Government, 2004), but with the implementation of this type of legislation, companies which have been using sustainable practices for years, will have their positive brand image removed. Many may argue whether companies are actually using "real CSR practices" (Gallego-Alvarez, 2010) in a voluntary and caring way or simple not concerned at all about their social and environmental impact and only concerned about the positive brand recognition that come with CSR practices.

Although, it is agreed by many sources that the concern of companies for CSR has significantly contributed to the social welfare, some, like Henderson, oppose the fact of companies accepting CSR as he believes that it is both harmful at the level of individual enterprises and in relation to the economy as a whole (Henderson, 2009). Furthermore, Eden (1994) stated that the use of sustainable development in a business orientation becomes problematic where that orientation obscures other issues and demotes environmental action to only shallow and reformist dimensions (Eden, 1994).

In conclusion, the vision of sustainability has come a long way since first introduced and CSR has become an extremely important aspect of business processes and will continue to grow despite the opposition of some. Achieving Triple Bottom Line growth will be a continuing quest for many organisations but to achieve sustainable development other issues at a macroeconomic level must be addressed. The operation researched The chosen operation to research is a local community gym based at Gloucestershire Cricket Club located in one of Bristol's main roads.

BS7 Gym provides a high quality exercise facility for members of the community alongside Gloucestershire cricket professionals. It is easily observable, staff and members could be easily approached and it had sufficient data for statistics to be developed. Data collected Data collection was essential for this report. By conducting interviews to both gym staff and members and observing its facilities it enables the development of statements. In order to gather relevant data the interviewing of staff was centred on TBL, CSR and the European Green Capital Award (EGCA).

From the staff interview, it was possible to understand that staff had little or no knowledge about the concepts of CSR and TBL. After being briefly introduced to these concepts the interviewees were questioned about their thoughts on Bristol being awarded the EGCA. Many said that it was very positive and related this to businesses thinking about green issues and some gave examples of environmental friendly practices conducted by businesses and families. One interviewee in particular, referred to transport systems and their improvements and also the Bristol cycling campaign.

The remainder of the questions concerned more about the 3 Ps. The interviewees were questioned on what the BS7 Gym was doing towards the environment and the community and what were their thoughts on this and if they could improve. The main answer was based on the individual and not on the Gym itself as they believed that they, as an individual, were doing their best to have positive impact on the People and Planet. They thought that the Gym, as a whole, was not considering their environmental sustainability as much as they consider social sustainability.

After conducting observation of the Gym facilities it was very evident that the environmental sustainability measurements were not positive. Simple things like keeping the changing room light on even when they are not being used and the toilet discharge tank dripping constantly show that the gym's performance can be significantly improved. Some interviewees mentioned that they are individually committed to being sustainable and improve on their environmental footprint. Interviews were also made to members of the Gym. These interviews were based on the members' thoughts about TBL and the gym's concerns towards the environment.

Mostly every member identified social variables that can be used to measure their TBL such as, charity contributions (foodbank, working with Multiple Sclerosis patients and autistic students) and providing the facilities to the local school. Moreover, gym members mentioned that the gym is constantly improving their facilities, projects and invest on innovation. Their thoughts towards this, related mainly to the gym trying to satisfy every member by providing different class types and improving their gym material. Operational benefits

As Tullerg (2012) stated, the increase in companies that use some kind of 3 Ps, is perfectly seen in BS7 Gym. As a medium corporation they are paying more attention in being sustainable. With the charitable contribution they are improving their brand image and , by showing their members that they are a sustainable corporation, they can increase their membership sales. Concentrating on both internal and external aspects of social sustainability (Pullman et al, 2009), will influence both the employees and the local community to be more socially sustainable.

One interviewee said that he was influenced by other employees' commitment to being sustainable. Although BS7 Gym is very attentive to the social aspect of TBL they lack attention on the environmental aspect. The high level of light and water consumption shows that the higher levels of the organisational pyramid are not taking into consideration their environmental side of TBL and if they could implement timer on lights and water taps in order to reduce costs and improve the financial performance. Conclusion

As sustainability becomes a bigger issue nowadays, BS7 Gym although being a small to medium company with very simple business processes, it is <https://assignbuster.com/essay-about-triple-bottom-line-essay-samples/>

possible to say that they have a sustainable approach towards their activities and that they embrace Triple Bottom Line in depth. Their sustainable approach has shown to improve their performance and how they are seen by the local community and their members. Their social and environmental accountability and responsibility lead them to economic growth although some adjustments and improvements can be done.