

3.2.3 Triple Bottom Line

- *Aim*

Triple bottom line (also abbreviated as TBL or 3BL) is a business concept that represents a manifold balance of responsibility. It aims “to measure the level of financial (profit/prosperity), social (people/human capital), and environmental (planet/sustainability) commitment to corporate social responsibility, and impact and performance of an organisation over time”.



HE teachers while teaching this tool to students in the classroom will need to explain each of the three dimensions (i.e., financial, social, and environmental) in detail. The overall aim of their lecture on TBL should be to explain the overall concept of TBL to students, then its use and applicability. In the following sections, teachers will get a greater understanding on what is this tool is about (general) and how it can be used within the classroom to make students understand the concept. While teaching students about the challenges to environmental sustainability will necessarily introduce some risk of overload, teachers can limit this by being sure to discuss environmental success stories. For example, this may include discussion of environmental policies or movements that have succeeded in mitigating pollution, conserving resources, or promoting ecological resiliency.

- *Description*

John Elkington (a business writer and founder of the management consultancy *SustainAbility*) coined the concept of TBL in 1994. Elkington argued that the conventional way of measuring the corporate success – is its net income, i.e., the “bottom line” of its profit and loss account – does not provide a holistic view of an organisation’s actual value and overall performance. In the latter case, an organisation (multinational or SME) can well be financially successful yet may harm the social or ecological environment in which it is operates. Lack of focus on human capital and planet will hold back organisational development and have a severe impact on its success. In such cases, organisations truly cannot account for the full cost of doing business.

It is thus advocated that to ensure the pinnacle of an organisation’s prosperity and attainment, it should expand its ways of measuring corporate performance by adding two more “bottom lines” to the original one. Instead of simply measuring their economic (i.e., net income) bottom line, organisations should also focus and report on a social bottom line, i.e., on their engagement towards welfare endeavours and social equity and inclusion, as well as on an environmental bottom line, i.e., on their ecological impact including green innovation and carbon neutrality. Ensuring the adoption, implementation, and diffusion of TBL concept at its core – is categorically a clear indicator of how well an organisation is meeting its Sustainable Development Goals (SDGs). TBL is not about disregarding the organisational profits or its financial

prosperity, rather it encompasses supplementary metrics into an organisation's overall health picture. An organisation must be financially healthy and stable, and equally successful for people (internal and external stakeholders) and planet to thrive. All three (profit, people and planet) must work in tandem for an organisation to fulfil its TBL commitments.

- **Key Features**

TBL differs from traditional reporting frameworks as it includes social and ecological aspects that are often difficult to measure. The notion is that by enhancing in any one sector, organisations improve overall. TBL is primarily based on three key features/pillars or commonly referred to as the “three Ps” – profit, people and planet.

- **Profit** – In a typical capitalist economic environment, an organisation's success greatly relies on its financial stability and performance, or the revenue it generates for the shareholders. Strategic business planning initiatives and key business decisions are prudently designed to maximise profits whilst decreasing expenditures and mitigating internal and external risks. The latter view was mainly the thing of the past, as many organisations' strategic objectives ended there. In the context of TBL, organisations do not merely focus on generating profits for their shareholders, but also how they can facilitate and contribute to wider society and environment (e.g., stimulating economic development, creating wealth by rewarding workforces justly, assisting a network of local suppliers with its business, engendering innovation, and reimbursing its rational share of taxes to government). With this focus, now purpose-driven leadership in most leading multinational organisations have realised that they have the authority to use their businesses to positively transform the world without hindering their financial stability and overall performance. In many cases, adopting sustainability initiatives has proven to drive business success i.e., Ben & Jerry's social mission, Lego's pledge to sustainability, and Starbucks's commitment to ethical sourcing, are some of the leading examples. In the end, it is all about making financially prudent but ethically driven decisions about how and where to source materials, products, or labour.



- **People** – This bottom line highlights the societal impact, or its commitment and assurance of service towards people and the wider community. TBL in this context, gauges an organisation's impact on human capital. However, before moving into further discussion, it is vital to distinguish between an organisation's shareholders and stakeholders. From a conventional perspective, organisations



have mainly focused on creating value for those who own shares of the organisation. Whereas, with the mounting external pressures for achieving SDGs, organisations have gradually embraced sustainability practices, with this stance, they have transformed their focus toward creating value for all stakeholders impacted by business decisions, including customers/consumers, vendors/suppliers, workforce (internal and relocated), and wider community. As such, TBL acknowledges the interdependency of all the human dealings, connections and collaborations that facilitate the organisation to operate. The latter can transform into activities e.g., ensuring rational appointment practices and promoting volunteerism in the workplace, provision of quality healthcare benefits, offering professional development activities, facilitating flexible work schedules, and developing a safe and healthy work environment.

- **Planet** – This bottom line is about making a positive impact on the planet. Since the birth of the industrial revolution in 1750 up until 1914, many large industries and manufacturing organisations contributed towards a staggering amount of environmental degradation – this has been the key driver of climate change. Whilst organisations have traditionally been the greatest contributors to climate change, they also have the power to drive positive change. For instance, several business leaders are recognising their onus towards implementing corporate social responsibility practices in their organisations. However, it is not the multinationals who should be the sole contributors, small and medium size businesses (who are the backbone of every economy) also need to ensure they engage in reducing ecological footprint. Regardless of whether big or small, every business recognises that the lesser environmental impact an organisation has, the lengthier it can thrive. Thus, transforming business operational practices like not producing products that are unsafe or unhealthy for the planet and the people, but it also includes reducing consumption, waste, and emissions. It involves specific actions, such as using renewable energy sources, reducing energy use, disposing of toxic materials safely and adopting a host of green corporate policies and practices are steps in the right direction.



- **Benefits**

Innovative companies have shown time and again that it is possible to do *well* by doing *good*. TBL does not essentially value societal and environmental impact at the expense of financial profitability and success. Instead, many organisations have reaped increased financial benefits in the long-term by committing to sustainable business practices. According to Willard (2012), sustainability is for those who aim to race to the top. The business benefits of implementing sustainability practices via TBL framework are measurable and factual – the return on investment from aggressively enhancing organisational-wide sustainable development knowledge and practices makes other

traditional investment prospects seem insignificant. By focusing on implementing sustainability strategies, businesses can benefit from:



Figure 16: TBL Benefits

By implementing TBL practices, organisations can reap favourable outcomes from these abovementioned benefits and acquire a significant competitive edge. Benefits from more aggressive and creative attention to environmental and social projects creates a win-win situation for organisations, society, and planet. From the point of view, HE teachers and students using this tool in classroom, following is a glimpse of how it will benefit them and enrich their understanding on the use of TBL.

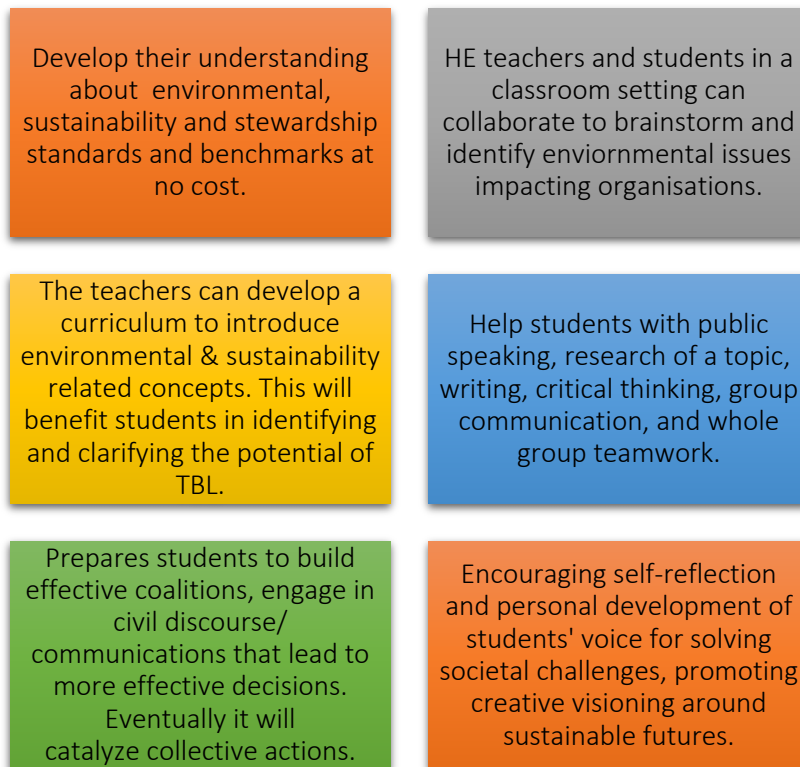


Figure 17: Benefits for Teachers and Students in Using the TBL Tool

- **Implementation**

Implementing TBL signifies that an organisation is considering profit, people, and planet in its initiatives. From theory to practice, the main question is how organisations can implement TBL. HE teachers can explain the use and applicability of this tool in a classroom setting by the using the following steps:

- **Describe the Purpose/Problem Definition**

- **General Overview:** In the start, organisational leadership needs to describe the rationale for adopting TBL practices, what problem(s) needs to be addressed. Basically, the leadership needs to re-examine what is meant by 'success' — both at its most granular level and on a corporate scale. The type of business and related product and service offering, main revenue drivers will help in clarifying why and how to proceed in implementing TBL. The problem definition should be addressed/defined from the point of view of the overall financial position of the organisation, well-being of the workforce, and to what extent is the organisation contributing to the environment and wider community.
- **Classroom Activity:** At the beginning of the class lecture, a brief, ten-minute overview of the TBL topic restates the lecture's objectives and summarises the concept of the TBL. The teacher may choose to pose questions to the students, e.g. "What is Sustainability?" and "What are the three Ps?". Students may choose to volunteer some answers. Next,

by using the above understanding, teachers need to create groups of 4 to 5 students each.

- As an activity, all groups should be given a list of organisations to choose one from – organisations that are specifically related to environmental, social, and economic issues.
- The purpose of this classroom activity is for the students to have a group discussion within themselves to understand and define the problem as to why a specific organisation opted to be a TBL based organisation. What made them a TBL organisation? What aspect(s) of TBL is covered by the organisation and how? In this part of the group-based activity, each student in the group can study about the organisation by exploring their website, the web in general, etc. This discussion can be completed in 30 minutes by each group.

○ **Implement the Tool (Gathering your Actions)**

- **General Overview:** Once the purpose and problem are clearly comprehended, the next stage is to identify the type of actions that relate to each of the 3Ps. For example, here are some examples of TBL in action:

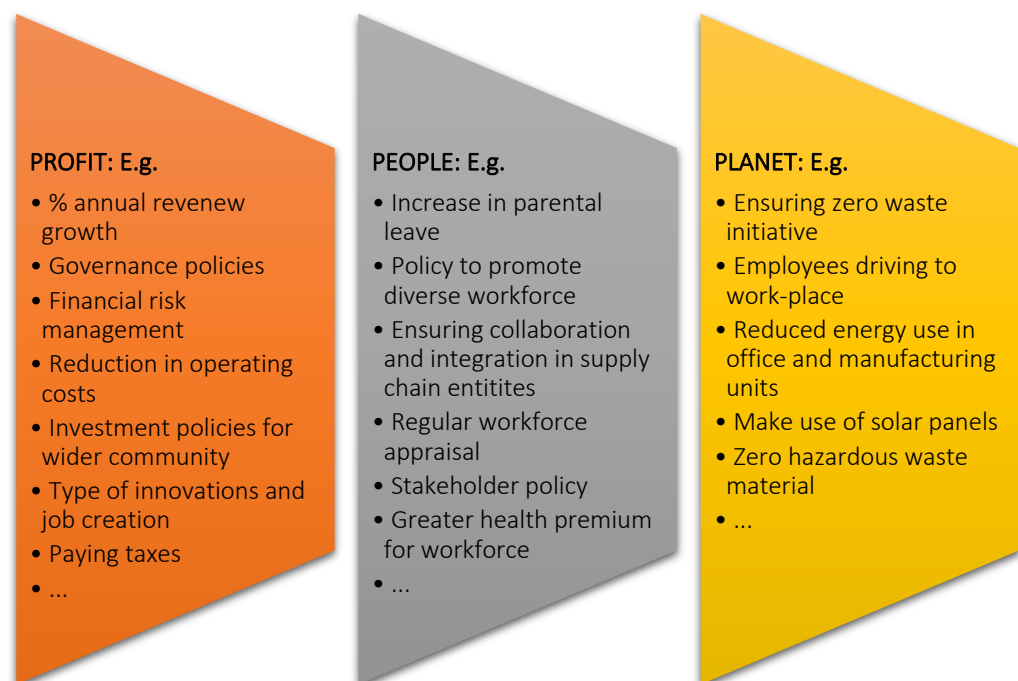


Figure 18: Examples of TBL in Action

Implementing TBL at its core will ensure sync and strengthening of each of the Ps. Also, actions from one 'P' may overlap with the actions of the other 'P', e.g., reductions in the operating costs can be better for the environment, as is risk management.

- **Classroom Activity:** Once the students have explored the organisation’s website or the web in general, studied and understood their move to TBL, then using the examples like ones presented in Figure 4, students can start discussing and drafting points related to the organisation. Once the students have drafted points, the HE teacher can ask each group to present their findings to the whole class. The students in the group can share (his/her) idea in order to make their argument make sense and flow. They can then decide who will lead in presenting the overall findings. Presentation time for each group can be 10 mins. The students can also present their findings by identifying potential positive and negative impacts of general infrastructure with respect to 3Ps.

	People	Planet	Price
Positive Impact	<i>e.g., increased accessibility, safety, and well-being</i>	<i>e.g., removal of contaminants, provides wildlife habitat</i>	<i>e.g., economic growth, creating jobs, paying taxes</i>
Negative Impact	<i>e.g., visually unpleasant, dislocation of homes/businesses</i>	<i>e.g., increased surplus and flooding, loss of natural habitat</i>	<i>e.g., higher user fees, increased capital expenditure</i>






- **Collect Data after Tool Implementation**
 - **General Overview:** Once leadership implements TBL practices in its true sense, they can consider evaluating each department’s positioning, resulting in collecting data (either via survey, focus groups, or interviews) to understand the outcomes of implementing TBL.
 - **Classroom Activity:** Once all the groups in the classroom have presented their findings related to their chosen organisation, the teacher can collate the main points presented by each group, either by creating a self-constructed questionnaire or merely extract main points from their presentation of the tool.
- **Analyse the Data and Reflect on the Outcome**
 - **General Overview:** Once data is collected, leadership will need to re-evaluate the overall organisational environment i.e., reflecting on and understanding the implications of impact of TBL framework on financial (profit/prosperity), social (people/human capital), and environmental (planet/sustainability) dimension.
 - **Classroom Activity:** After collating main points from the group presentations, it is up to the teacher to either provide feedback to each group after they have presented, or let all the groups to present, collate the mains points and then provide to each group in the end. In either way, the teacher will need to provide feedback on how the students performed in the activity. In this last part of the activity, the teacher and students can have a debate. Depending on the number of groups

developed in the first stage, the teacher can choose to put some groups on one side to discuss on the positives of TBL, whereas other groups can debate on the negatives. Each group can try to sway the opposing side to their point of view. The whole purpose of this group-based activity is to help understand and realise the overall value of TBL, reasons why organisations choose to implement TBL practices, and it is implemented by organisational leaders.

To conclude, a TBL framework works best when embraced as a new method of operating i.e., adopted, implemented, diffused, and essentially practiced in reality, rather than merely brought in as an add-on or a plugged-in patch.

- **Examples of TBL based Organisations**

Real-life examples should ideally drive every concept. Here are some of the examples of big corporate giants:

<p>Coca Cola is aiming to recycle every bottle by the year 2030.</p>	
<p>Unilever is aiming to “reuse”, “recycle” or “compost” 100% of plastic packaging by the year 2025.</p>	
<p>Lego is committed to reduce its carbon footprint and is working towards 100% renewable energy capacity by 2030.</p>	
<p>Starbucks has been socially and environmentally focused since its inception in 1971. They have hired more than 26,000 veterans since 2013 and is committed to hiring 5,000 more per year going forward.</p>	
<p>DHL is on a mission to reduce all of their logistics-related emissions to zero by 2050.</p>	
<p>Mars has a sustainable cocoa initiative called Cocoa for generations. It requires cocoa farmers to be fair trade certified to ensure they follow a code of fair treatment to workers providing labour. In exchange for certification, Mars provides productivity technology and buys cocoa at premium prices.</p>	

Ben & Jerry's is founded on and dedicated to a sustainable corporate concept of linked prosperity. The company opposes the use of recombinant bovine growth hormone (rBGH) and genetically modified organisms (GMOs) and fosters myriad values such as fair trade and climate justice.



Table 9: Examples of Organisations using TBL

- ***Additional Examples on the Use of TBL Tool***

Following are specific resources to understand TBL in more detail e.g., relevant articles.

- Articles:

- A New Framework for Teaching the Triple Bottom Line: The Sustainability Triangle and the Sustainability Index – [Link](#)
- Sustainability and triple bottom line: key issues for successful Spanish school principals – [Link](#)
- The formula one Australian grand prix: Exploring the triple bottom line – [Link](#)

- ***Links to General Learning Resources***

Following are general resources to understand TBL in more detail e.g., links to YouTube video clips.

- YouTube Videos:

- Sustainability in Business – [Link](#)
- TBL: Meaning and Concept – [Link](#)
- Nike's TBL in Innovation – [Link](#)
- TBL: One Mindset – [Link](#)