



Don't go around saying the world owes you a living. The world owes you nothing, it was here first - Mark Twain

The Triple Bottom Line (TBL)

Mention about the TBL has been made briefly earlier in Sustainability and Reporting Series 2 while discussing Sustainability Development.

In this series the concept of Triple Bottom Line has been explained for the information of readers.

What is Triple Bottom Line???

*The idea that overall performance of a Company should be measured is based on its combined contribution to **economic prosperity, environmental quality and social capital.***

The Triple Bottom Line (TBL) focuses on all of the above...

'Triple Bottom Line' is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters.

This differs from traditional reporting frameworks as it includes ecological (or environmental) and social measures too. This not only involves the company's purpose and but also taking into consideration, the needs of all company's stakeholders - shareholders, customers, employees, business partners, governments, local communities and the Public.”



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Short expression of the Triple Bottom Line referring to the three Ps of people, planet, profit

The phrase “the triple bottom line” was first coined in 1994 by John Elkington, the founder of a British consultancy called SustainAbility. He suggested that businesses need to measure their success not only by the traditional bottom line of financial performance and profit, but also by their impact on the broader economy, the environment and on the society in which they operate.

His argument was that companies should be preparing three different (and quite separate) bottom lines. One is the traditional measure of corporate profit—the “bottom line” of the profit and loss account. The second is the bottom line of a company’s “people account”—a measure in some shape or form of how socially responsible an organisation has been throughout its operations. The third is the bottom line of the company’s “planet” account—a measure of how environmentally responsible it has been.

The triple bottom line (TBL) thus consists of three Ps: profit, people and planet. It aims to

measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business.

Dimensions of Sustainability

*Thus, the three dimensions of Sustainability are **people, planet and profit**, which lead to sustainable development.*

The “People Bottom line” (human capital) pertains to fair and beneficial business practices toward employees and the community.

The “Planet Bottom line” (natural capital) refers to sustainable environmental practices. Sustainability and global warming are real and critical issues that global businesses must deal with.

The “Profit Bottom line” is the ability of an enterprise to create economic surpluses. Without profits, enterprises would be unsustainable.

These are also termed as three pillars of sustainability which includes-

- 1. Economic which is equal to Profit*
- 2. Environment which is equal to Planet*
- 3. Social which is equal to People*



Hence, evaluation of corporate performance in the future must include environmental and social dimensions in addition to economic results.

Specific Areas of Economic, Environment, and Social Measures (EES)

Economic Measure-Specific examples of economic measures are:

- ☛ Increase in the Personal income and profit of entrepreneur*
- ☛ Reducing the Cost of undertaking*

- ☞ *Expansion of organisation*
- ☞ *Percentage of firms in each sector*
- ☞ *Revenue by sector contributing to gross domestic product etc...*

Environmental Measures- It could incorporate air and water quality, energy consumption, natural resources, solid and toxic waste, and land use/land cover. Specific examples include:

- ☞ *Selected pollutants to be controlled*
- ☞ *Control in excessive Electricity consumption*
- ☞ *Control in excessive Fossil fuel consumption*
- ☞ *Solid waste management*
- ☞ *Hazardous waste management*
- ☞ *Change in land use/land cover etc...*

Social Measures- Social variables refer to social dimensions of a community or region and could include measurements of education, equity and access to social resources, health and well-being, quality of life, and social capital. Specific examples includes-

- ☞ *Reducing Unemployment rate*
- ☞ *Female labour force participation rate*
- ☞ *Elimination of poverty*

☞ Maintaining the proper living standard etc...

“Only when companies measure their social and environmental impact then we will have socially and environmentally responsible organisations.

