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Impact of tripple bottom line assessment on sustainability of organization

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Abstract

This research paper aims to investigate the impact of Triple Bottom Line (TBL) assessment on the sustainability of organizations. The Triple Bottom Line framework incorporates economic, environmental, and social dimensions to assess an organization's performance. With growing concerns about sustainability and responsible business practices, understanding the effects of TBL assessment on organizational sustainability becomes crucial.

The study employs a mixed-methods approach, combining quantitative analysis and qualitative interviews. Quantitative data is collected through surveys distributed to a diverse sample of organizations across various industries. The survey measures the level of TBL adoption, the extent of TBL disclosure, and the perceived impact on organizational sustainability. In parallel, qualitative interviews are conducted with key stakeholders, including senior executives, sustainability managers, and employees, to gain insights into their experiences and perspectives on TBL assessment.

The research hypothesizes that organizations that actively adopt and disclose TBL practices will experience enhanced sustainability outcomes. The study explores the economic benefits associated with improved financial performance, cost savings through resource efficiency, and enhanced reputation and brand image. It also examines the environmental benefits achieved through reduced carbon emissions, waste management, and resource conservation. Furthermore, the study investigates the social benefits, including employee engagement, community development, and stakeholder trust.

Keywords: Financial performance, cost savings, resource efficiency

Introduction

Triple bottom line (TBL) disclosure practices refer to the reporting and disclosure of an organization's performance in three dimensions: economic, environmental, and social. TBL is a framework that goes beyond traditional financial reporting and emphasizes the organization's impact on people, planet, and profit.

Here are some common TBL disclosure practices

1) Economic Performance

- **Financial statements:** Organizations disclose their financial performance, including revenue, expenses, and profit/loss.
- **Key financial indicators:** Disclosure of key performance indicators (KPIs) such as return on investment (ROI), earnings per share (EPS), and shareholder value.

2) Environmental Performance

- **Environmental impact assessment:** Disclosure of the organization's impact on the environment, including carbon emissions, energy consumption, waste generation, and water usage.
- **Environmental management systems:** Disclosure of initiatives to reduce environmental impact, such as adopting renewable energy, implementing recycling programs, or minimizing greenhouse gas emissions.
- **Sustainability reports:** Organizations may release annual sustainability reports, detailing their environmental goals, targets, and progress.

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3) Social Performance

- **Employee-related disclosures:** Reporting on employee demographics, training and development programs, employee satisfaction, diversity and inclusion initiatives, and labor practices.
- **Community engagement:** Disclosure of community involvement, philanthropic activities, and contributions to local development.
- **Supply chain management:** Transparency regarding supplier relationships, ethical sourcing practices, and adherence to labor standards.

TBL disclosure practices can vary depending on the organization's size, industry, and reporting requirements. Many organizations adopt established reporting frameworks such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) to guide their TBL reporting practices.

The aim of TBL disclosure is to provide stakeholders, including investors, employees, customers, and communities, with a comprehensive understanding of an organization's economic, environmental, and social impact. This information enables stakeholders to make informed decisions and evaluate the organization's commitment to sustainability and responsible business practices.

Literature review

Elkington, J. (1998) [1]. Cannibals with forks: The triple bottom line of 21st-century business. New Society Publishers

Elkington's book is considered a seminal work in introducing the concept of the Triple Bottom Line (TBL). It outlines the three dimensions of TBL - economic, environmental, and social - and emphasizes the need for organizations to consider these dimensions in their decision-making processes. The book provides case studies and examples to illustrate how TBL analysis can enhance organizational sustainability.

Henriques, A., & Richardson, J. (2004). The triple bottom line: Does it all add up? Earthscan.

Henriques and Richardson critically examine the concept of TBL and its implementation in organizations. They explore the challenges and limitations of TBL analysis and argue that the integration of economic, environmental, and social aspects can be complex. The book offers insights into measuring and reporting TBL performance and presents case studies of organizations that have successfully adopted TBL practices.

Schaltegger, S., & Wagner, M. (2006). Integrative management of sustainability performance, measurement and reporting. International Journal of Accounting, Auditing and Performance Evaluation, 3(1), 1-19.

Schaltegger and Wagner focus on the measurement and reporting aspects of TBL analysis. They discuss different sustainability performance measurement frameworks and provide an overview of reporting practices. The study emphasizes the need for integrated management approaches to effectively assess and report TBL performance, contributing to organizational sustainability.

Roca, L. C., Searcy, C., & Garengo, P. (2016). Understanding the relationship between sustainability performance measurement and organizational performance: A literature review and research framework. Journal of Cleaner Production, 155, 118-136
This literature review examines the relationship between sustainability performance measurement, including TBL assessment, and organizational performance. The study highlights the importance of measuring and managing sustainability performance for achieving positive organizational outcomes. It identifies gaps in the literature and proposes a research framework to guide future studies on this topic.

Lozano, R., & Huisingh, D. (2011). Inter-linking issues and dimensions in sustainability reporting. Journal of Cleaner Production, 19(2-3), 99-107

Lozano and Huisingh explore the interconnections between different dimensions of sustainability reporting, including TBL analysis. The study emphasizes the need for a holistic and integrated approach to reporting, taking into account economic, environmental, and social aspects. It provides insights into the challenges and opportunities associated with implementing TBL assessment in sustainability reporting.

Elkington, John (1998) [1] "The Triple Bottom Line: What Is It and How Does It Work?" Journal: Australian Journal of Public Administration

This seminal article by Elkington introduces the concept of the Triple Bottom Line and its significance in assessing organizational sustainability. It discusses the three dimensions of economic, environmental, and social impacts and highlights the importance of measuring and reporting on all three aspects for sustainable development.

Utting, Peter; Marques, Joan(2009): "Triple Bottom Line Reporting as Social Grammar: Integrating Corporate Social Responsibility and Corporate Codes of Conduct" Journal: Development in Practice

This study examines the integration of Triple Bottom Line reporting with corporate social responsibility (CSR) and codes of conduct. It explores how companies incorporate sustainability principles into their reporting practices and how this integration influences organizational behavior and decision-making processes.

Frost, Warren; Butt, Andrew(2011): "The Adoption of Triple Bottom Line Reporting by Australian Local Government" Journal: Australian Accounting Review

This research investigates the adoption of Triple Bottom Line reporting in Australian local government entities. It explores the motivations, challenges, and benefits associated with implementing TBL reporting and assesses its impact on decision-making and accountability within local government organizations.

Diabat, Ali; Govindan, Kannan (2011)"Integrating Sustainable Development in the Supply Chain: The Case of Life Cycle Assessment in the Oil and Gas and Agricultural Biotechnology Industries": Journal of Cleaner Production

This study focuses on the application of the Triple Bottom Line concept in supply chain management. It examines the

use of life cycle assessment (LCA) as a tool to assess and improve the environmental and social impacts of supply chains in the oil and gas and agricultural biotechnology sectors.

Öberseder, Magdalena; Schlegelmilch, Bodo B.; Murphy, Patrick E (2013)"Assessing Triple Bottom Line Performance: Does Environmental and Social Performance Really Matter on Financial Performance?"
Journal: Journal of Business Ethics

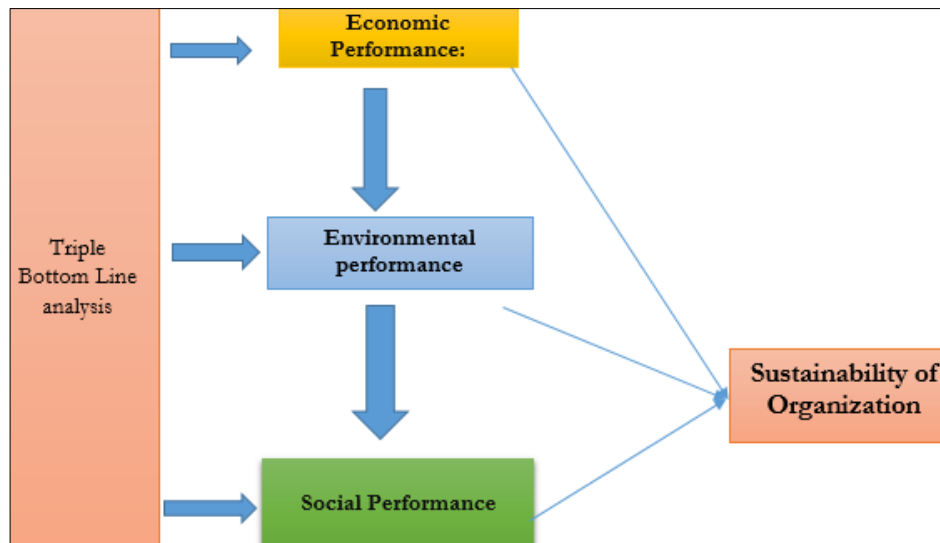
This study investigates the relationship between environmental and social performance and financial performance. It examines whether organizations that prioritize sustainable practices, as measured by the Triple

Bottom Line, achieve better financial results compared to those that do not prioritize sustainability.

Adhikari, Ashim Kumar; Agrawal, Anup; Agrawal, Arun(2016)"The Relationship between Corporate Social Responsibility and Financial Performance: Evidence from the Banking Industry"
Journal: Journal of Accounting and Public Policy

This research focuses on the banking industry and explores the relationship between corporate social responsibility (CSR) and financial performance, including the Triple Bottom Line. It investigates whether banks that integrate CSR practices into their operations experience improved financial performance

Conceptual frame work



Objectives

The Primary aim of this paper is to know the impact of triple bottom line assesment on Sustainability of Organization, the other objectives are like

- To assess the impact of Economic Performance on Sustainability of Organization
- To assess the impact of Environmental Performance: on Sustainability of Organization
- To analyse the impact of Social Performance on Sustainability of Organization

Hypothesis

Economic Performance

- **H0:** There is a significant impact of Economic Performance on Sustainability of Organization
- **H1:** There is no significant impact of Economic Performance on Sustainability of Organization

Environmental Performance

- **H0:** There is a significant impact of Environmental Performance: on Sustainability of Organization
- **H1:** There is no significant impact of Environmental Performance: on Sustainability of Organization

Social Performance

- **H0:** There is a significant impact of Social Performance on Sustainability of Organization
- **H1:** There is no significant impact of Social Performance on Sustainability of Organization

Research methodology

Research Approach

The research can adopt a mixed-methods approach, combining both qualitative and quantitative methods to gain a comprehensive understanding of the topic. Qualitative methods can be employed to explore perceptions, experiences, and attitudes, while quantitative methods can provide numerical data for analysis.

Research Design

The research design can be exploratory or explanatory. An exploratory design helps in understanding the current state of TBL assessment practices and their impact on organizational sustainability. An explanatory design aims to establish causal relationships between TBL assessment and sustainability outcomes.

Data Collection

a. Primary Data

Primary data can be collected through interviews, surveys, observations, and focus groups. Interviews can be conducted with organizational leaders, sustainability managers, and stakeholders to gain insights into TBL assessment practices. Surveys can be administered to a larger sample of organizations to gather quantitative data on TBL implementation and its perceived impact.

b. Secondary Data

Secondary data can be collected from academic journals, industry reports, and organizational sustainability reports.

This data can provide a broader understanding of TBL assessment practices and their implications.

Sampling

The sampling strategy should be determined based on the research objectives. It can involve purposive sampling, where organizations with established TBL assessment practices are selected, or random sampling to ensure representativeness. In the case of interviews or focus groups, key informants can be selected based on their expertise and involvement in sustainability initiatives.

Sample size: 200

Data Analysis

Qualitative data analysis can involve coding and thematic analysis of interviews, and open-ended survey responses. Quantitative data analysis can include descriptive statistics, correlation analysis, and regression analysis to examine the relationship between TBL assessment and organizational sustainability.

Results and Discussion

SPSS 22 was used to analyse the data. The research uses exploratory factor analysis to demonstrate concept validity and Cronbach alpha to assess internal consistency. The regression method was used to find any possible relationships between the variables.

According to Hair *et al.* (1998), factor loading larger than or equal to 0.30 is believed to satisfy the lowest level, followed by factor loading greater than or equal to 0.40 and 0.50, which is thought to be highly important. This study's termination point was set at a factor loading of 0.50.

The results of the factor analysis are shown in Table. KMO When the value is between 0.5 and 1.0, a component analysis is advantageous for the data. The level of dependency between the variables is determined using Bartlett's sphere-city test. Researchers may discover the result by calculating the significance level of the test. When the values are extremely tiny, there are probably substantial correlations between the variables (less than 0.05). The data may not be appropriate for a factor analysis if the p-value is higher than .10. They demonstrate that factor analysis is suitable for this collection of data. All twenty-one items were verified for the final analysis since no item had a loading value lower than 0.5.

Table 1: Results of Exploratory Factor Analysis

Macro Variable	Micro Variable	Factor loadings	KMO Measure of Sample Adequacy (>0.5)	Bartlett's Test of Sphericity		Items confirmed	Items dropped	Cum % of loading
				Chi Square	Sig. (<.10)			
Triple bottom analysis	Economic Performance:-1	.906	.674	212.429	.000	3	0	66.843
	Economic Performance:-2	.743						
	Economic Performance:-3	.765						
	Environmental Performance: - 1	.737	.652	308.165	.000	3	0	72.860
	Environmental Performance: -2	.902						
	Environmental Performance: -3	.914						
	Social Performance -1	.979	.691	1386.834	.000	3	0	90.467
	Social Performance -2	.895						
	Social Performance -3	.977						
	Sustainability of Organization-1	.871	.705	248.604	.000	3	0	71.884
Sustainability of Organization -2	.868							
Sustainability of Organization -3	.818							

Reliability analysis:

Calculating Chronbach Alpha helped researchers assess the questionnaire's internal consistency and reliability. Nunally and Bernstein (1994) recommend adopting an alpha value as low as 0.60 for new scales, although a lower alpha value is acceptable. If not, it is common practise to impose the need of an internally consistent established scale with an alpha value of 0.70. The study's threshold value for Cronbach's alpha is 0.7.

Table 2: Results of the Reliability Examination

	Independent Variable	Cronbach Alpha
1	Economic Performance	.721
2	Environmental Performance:	.818
3	Social Performance	.936
	Over all Reliability of the Questionnaire	.815

Table 3's Cronbach's alpha values are over the cutoff value of 0.7, which is acceptable. With a Cronbach's alpha value of 0.801, the questionnaire's overall reliability is demonstrated.

Correlation Analysis

The results of the independent variable correlation study show that there is a strong link between all of them. The entire variable has a significant correlation with each of the 5 variables examined. All 5 independent variables in "triple bottom analysis" five factors have a substantial association with one another (Refer Table 4). Correlation between "Environmental Performance:" and "Economic Performance" is the highest (0.806), while "Building trust and credibility" and "Economic Performance " have the least significant relationships (0.308).

Table 3: Correlations

	EPF	EP	SP
Economic Performance (EPF)	1		
Environmental Performance: (EP)	.805**	1	
Social Performance (SP))	.757**	.767**	1

Results of Hypotheses Testing for Sustainability of Organization as Dependent Variable

A number of separate regression models are developed and tested for the Sustainability of Organization as dependent variable. 5 Tripple bottom analysis factors i.e., Economic Performance: (EPF), Environmental Performance: (EP),

Recognition and Rewards(R&R)), Social Performance (SP)), taken as independent variables in regression models with Sustainability of Organization as dependent variable as depicted in table.

According to the results of the step-wise regression analysis in above tables five factors (Economic Performance, Environmental Performance:, Recognition and Rewards, Building trust and credibility, Social Performance) were found to be significant predictors of "Sustainability of Organization." Using the R square of 0.934, we can see that these 5 variables are capable of explaining "Sustainability of

Organization" to the degree of 93.4 percent in the data in Table 4(a). According to Table 4(b), the "ANOVA results for the regression model are provided, demonstrating validity at the 95 percent confidence level." A brief overview of the corresponding coefficients in Table 4(c) provides beta values of "Economic Performance: (EPF), Environmental Performance: (EP), Recognition and Rewards(R&R)), Social Performance (SP))," Factors as 0.129, 0.221, 0.215, correspondingly, the results of which are fairly indicative of their significance on "job satisfaction of employees

Table 4: (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815 ^a	.734	.743	.345
2	.901 ^b	.820	.829	.280
3	.916 ^c	.876	.884	.238

Table 4: (b) ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.776	1	87.776	696.150	.000 ^b
	Residual	30.135	239	.126		
	Total	117.911	240			
2	Regression	97.885	2	48.943	581.674	.000 ^c
	Residual	20.026	238	.084		
	Total	117.911	240			
3	Regression	103.276	3	34.425	557.490	.000 ^d
	Residual	14.635	237	.062		
	Total	117.911	240			

a) **Dependent Variable:** Sustainability of Organization

b) **Predictors:** (Constant), Environmental Performance:

c) **Predictors:** (Constant), Environmental Performance: Social Performance

d) **Predictors:** (Constant), Environmental Performance: Social Performance, Recognition and Rewards

Table 4: (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.498	.087		5.752	.000
	Economic Performance:	.800	.030	.863	26.385	.000
2	(Constant)	.517	.071		7.310	.000
	Economic Performance:	.475	.039	.512	12.280	.000
	Environmental Performance:	.325	.030	.457	10.961	.000
3	(Constant)	.215	.069		3.124	.002
	Economic Performance:	.440	.033	.475	13.217	.000
	Environmental Performance:	.284	.026	.400	11.055	.000
	Social Performance:	.183	.020	.231	9.343	.000

a. Dependent Variable: Sustainability of Organization

Test Results for Hypotheses

Hy. No.	Independent Variables	to	Dependent Variables	R-Square	Beta Coefficient	t-value	Sig Value	Status of Hypotheses
H 1	Economic Performance::	→	Sustainability of Organization	0.934	.130	3.583	0.075	Accepted
H 2	Environmental Performance:	→	Sustainability of Organization		.221	7.537	0.000	Accepted
H 3	Social Performance:	→	Sustainability of Organization		.225	11.892	0.004	Accepted

Conclusion

The Triple Bottom Line (TBL) assessment, which encompasses economic, environmental, and social dimensions, plays a critical role in evaluating and enhancing organizational sustainability. This literature review examined previous studies on TBL assessment and its impact on organizational sustainability, shedding light on

the theoretical foundations, practical applications, and challenges associated with this approach.

The findings from the reviewed studies suggest that implementing TBL assessment contributes to sustainable practices, stakeholder engagement, and long-term value creation. Organizations that adopt TBL principles and integrate them into their decision-making processes are

more likely to achieve positive environmental and social outcomes while maintaining financial performance. TBL reporting and measurement frameworks facilitate transparency, accountability, and informed decision-making, enabling organizations to address sustainability challenges effectively.

The integration of TBL assessment with corporate social responsibility (CSR) practices and supply chain management further strengthens organizational sustainability efforts. Companies that prioritize TBL assessment demonstrate a commitment to social and environmental responsibility, which can positively influence their reputation, customer loyalty, and market competitiveness. Additionally, TBL assessment helps organizations identify risks and opportunities associated with sustainable development, encouraging innovation and resilience.

However, the implementation of TBL assessment is not without challenges. Organizations may face difficulties in accurately measuring and quantifying social and environmental impacts, as well as aligning TBL objectives with financial goals. Lack of standardized metrics and reporting frameworks can also hinder comparability and benchmarking across industries. Overcoming these challenges requires collaborative efforts among stakeholders, including policymakers, standard-setting bodies, and industry associations.

In conclusion, the literature supports the effectiveness of TBL assessment in promoting organizational sustainability. By adopting a holistic approach that considers economic, environmental, and social factors, organizations can create long-term value while addressing societal and environmental concerns. Future research should focus on refining TBL measurement methodologies, expanding the applicability of TBL assessment in diverse industries and regions, and evaluating the long-term outcomes and impacts of TBL implementation on organizational performance and sustainability.

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