**Business and Management**

**Sustainability, the Triple Bottom Line & business**

**Reflective Journal**

**[Name of the Writer]**

**[Name of the Institution]**

**Sustainability, the Triple Bottom Line & Business**

First we need to understand what Sustainability, triple Bottom line & business means. The triple bottom line is the system which different businesses use to evaluate the revenue and profit they earn by their corporate sustainability solutions. This concept incorporates the social and environmental aspects of the business in addition to the financial aspect. A triple bottom line gauges the level of social responsibility, environmental effect and economic value of a company. The triple bottom line, or TBL, makes businesses to go beyond the profitability concerns and include sustainability in business objectives, so that the companies may also focus on social and environmental issues and measure the total cost of business. The business should take into account the social and environmental factors while making key decisions e.g. decisions of investment. Ignoring TBL can cause damages to humanity and the planet like abolition of the rainforest, labor is worse off and ozone layer depletion. This is why the elements of TBL are called “people, profits and planet”.

It is not easy to maximize the profits while doing well to the environment and the people. Let me illustrate this with an example. Suppose there is a manufacturer of clothes. His/ her strategy to earn highest profits will be to employ inexpensive labor and to get rid of industrial waste in a way that is cheap. In an attempt to achieve this, although he might earn huge profits but the working conditions of employees and the natural environment will be worse off. But nowadays, customers show concern over such business practices and are willing to pay more to businesses if it considers the wellbeing of the environment and laborers. Customers have made companies to be transparent about their practices and to care for all [stakeholders](https://www.investopedia.com/terms/s/stakeholder.asp), so the TBL concept is mainstream and accounts for the full cost of doing business.

The "people" part of social responsibility leads the focus to just treatment of workers and off-site labor, and also encourages favorable practices in the locations where companies carry out business activities. For instance, Mars, Incorporated's Cocoa for Generations is a sustainable cocoa initiative which has made it obligatory for farmers to be certified by fair business institutions to make sure their conduct is nice and it ensures fair treatment to the people providing labor. In return for this certification, Mars provides production technology and purchases cocoa at higher prices.

The "planet" part of TBL points to sustainable practices and to lessen the harmful impacts on the environment. These include green initiatives like recycling programs within corporations and companies employing sustainable inputs for manufacturing purposes. For instance, Axion Structural Innovations manufactures railroad ties and pilings utilizing recycled plastic bottles and industrial waste, rather than using standard inputs like wood, steel and cement. This makes companies to take into account the usage of renewable energy and direct and indirect energy consumption, the recycling of the input, amount of water used for production and toxic emissions. There are also regulations to control the level of emissions through taxation or fines and also these regulations mitigate the excessive use of scarce resources and the practice of free riding by any stakeholder.

The financial element of the TBL is extremely important for any business and every business is concerned about it. A 2015 report revealed that 73% of millennials, who are the largest consumer demographic in U.S, agree to pay more for [sustainable goods](https://www.investopedia.com/terms/s/sustainability.asp), and this trend in willingness to pay is expected to increase every year. TBL is thought of as an important factor in development of corporate brands and goodwill, which further leads to 30% (on average) of the value of public companies.

The TBL has made businesses to learn and implement ways to create more jobs in the industry of their operation and to see if the business gives back to the community. This also helps the companies to evaluate the state of economic, physical and mental wellbeing and progress of their employees as compared to other people and take necessary measures to compensate for their time, knowledge and skills. Moreover, the performance of business can be measured efficiently and it might also be helpful in benchmarking and lead to a sustainable society and business practice.

An important fact I that there is no standard to calculate the triple bottom line. This enables the businesses to modify the general framework according to their own needs and is proved to be a strength for them.

The implementation of the TBL either by businesses or governments are driven by the motive of economic, social and environmental sustainability, but they are different with respect to the measurement of the three types of outcomes. The development and application of the TBL faced many difficulties, mainly as of how to devise an index which is both understandable and reasonable and as of how to indicate the suitability of data for the variables which make up the index. For example the “Genuine Progress Indicator (GPI), for has 25 variables which incorporate economic, social and environmental aspects. Then the variables are transformed into monetary units and summed into one dollar-denominated figure. Minnesota made its own progress indicator which consisted of 42 variables which centered upon the objectives of a healthy economy and measured progress in fulfilling these objectives.

My research shows me that lot is in the interest of businesses to consider the environmental and social factors along with the financial stability because this is an age of knowledge and awareness. People today are more aware and concerned about the social and environmental issues more than ever. They are willing to pay to businesses that show responsibility and act in a responsible manner. The TBL can be used by companies to maximize profits as well as create a good corporate image which will consequently lead to better practices and even higher revenue generation. Businesses should try to make their goods and services competitive and make the world a better place for the customers.

**References**

Elkington, J. (1998). Partnerships from cannibals with forks: The triple bottom line of 21st-century business. *Environmental Quality Management*, *8*(1), 37–51. https://doi.org/10.1002/tqem.3310080106

Gold, S., Hahn, R., & Seuring, S. (2013). Sustainable supply chain management in “Base of the Pyramid” food projects—A path to triple bottom line approaches for multinationals? *International Business Review*, *22*(5), 784–799. https://doi.org/10.1016/j.ibusrev.2012.12.006

Brown, D., Dillard, J. F., & Marshall, S. (n.d.). *Triple Bottom Line: A Business Metaphor for a Social Construct*. 39.

Milne, M. J., & Gray, R. (2013). W(h)ither Ecology? The Triple Bottom Line, the Global Reporting Initiative, and Corporate Sustainability Reporting. *Journal of Business Ethics*, *118*(1), 13–29. https://doi.org/10.1007/s10551-012-1543-8

Elkington, J. (2013, June 17). Enter the Triple Bottom Line. https://doi.org/10.4324/9781849773348-8