

BUILDING SUSTAINABILITY STRATEGY ON IMPLEMENTATION OF SMALL BUSINESS WITH TRIPLE BOTTOM LINE

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ABSTRACT

Keeping corporate sustainability is a business topic that always accompanies the company in carrying out its activities, including small companies. The concept of sustainability is accepted as true and is believed to be applied by the company include the concept of the Triple Bottom Line (TBL), which harmonizes economic needs with care for the environment and surrounding communities. Large company can implement this concept without obstacles, however not the case with smaller companies. Theoretically, this paper aims to provide a framework TBL concept that can be run by small companies, whereas the empirical aims to provide an understanding of how to implement the concept of TBL for smaller companies.

Keywords: Business Continuity, Small Company, Triple Bottom Line

INTRODUCTION

It is becoming increasingly fashionable model of sustainability within the last 20 years (Steven A Rod L Flanigan Schulz, 2016). Companies often include environmental and social sustainability in addition to their financial sustainability. Harris poll (2000) said about the company's interest and responsibility towards environmental sustainability, social, and ethical company in September 2000 in the United States reported that 95% of respondents had more than one purpose. They also owe something to their workers and the communities in which they operate, and they sometimes have to sacrifice some profit for the sake of making things better for workers and the public. In the same way, only 4% of respondents indicated that they believed the sole purpose of the company was to make maximum profit for shareholders, and 61% of respondents believed that US companies had fair and ethical business practices for the poor (Business Week 2000).

Information in the Business Week (2000) showed that the world-class companies the US has been able to harmonize social needs with the interests of the company. As pointed out by some large companies such as Shell sites, AT & T, Dow Chemical, and many others, these firms to show social component on their web site and financial disclosure. They do not make social responsibility as a cost or constraint, but take advantage of social responsibility as a potential source of innovation and competitive advantage in order to maintain the business continuity by using better inputs, achieve a higher quality or improve product yield (Porter and Kramer, 2006). Elkington (1997) presents a framework of TBL as a key concept that promotes business

sustainability of environmental quality, elements of profit, and social justice. Thus it can be said that TBL is one key to successfully implementing CSR.

The results of the stakeholder approval appears to be one of the guidelines for the company to address the topic of sustainability. In addition to the approval of stakeholders, this paper explores another catalyst to elevate the strategic importance of sustainability. As more companies develop sustainability programs, opportunities to develop competitive advantage becomes more important. As the purchasing agent and the committee has begun to enter the criteria for sustainability in the supplier selection process, certification, and evaluation; competitive advantage can be gained or lost on this issue. The purchase process industry companies to broaden the focus beyond sustainability to include all members of the supply chain (Golicic and Smith, 2013).

To implement the concept of TBL, large companies can hire experts to develop a cohesive strategy and ways to implement best practices. However, many small and medium enterprises (SMEs) that have <500 employees have been left without the resources to move forward with a "green business" to produce products or services. Many smaller companies do not have the expertise TBL, skills and technical resources where they can operationalize sustainable business practices. It is not very good because in the United States, 99.7% of employers and 42.9% of private sector employment provided by small businesses (*Small Business Administration*, 2016). Then, how small companies can apply the concept of TBL role in running the business activity? Through this paper, the authors sought to give the concept of TBL very simple and can be implemented by the company allows small though theoretically they do not understand the definition and purpose of the application of TBL in conducting business activities.

This paper uses a framework of sustainability efforts contained in the literature business, including Carter and Easton (2011), Carroll (1991), Elkington (1997, 1998), Hubbard (2009), Kaplan and Norton (1992), Markley and Davis (2007), Quinn and Baltes (2007), and others. The purpose of this paper is to utilize the literature to formulate the concept of sustainability in small firms.

Theory Study of Triple Bottom Line (TBL)

The concept of corporate sustainability was originally submitted by the United Nations World Commission on Environment and Development (WCED) in 1987 through the publication of *Our Common Future: Report of the World Commission on Environment and Development* in 1987. Running the concept of corporate sustainability is defined as an attempt to meet the future needs present without compromising the ability of future generations to meet their own needs. The definition of sustainability has been widely accepted and last up to several years. The next few decades, seen a fundamental challenge for sustainable development and sustainable growth at all levels, from the individual to the global. In 2001,

Environmental sustainability in theory and practice continues to grow as an important company value for most large businesses and multinational corporations (Schneider and Meins, 2012). One common sustainability framework or model applied in the United States is the ideology of the "Triple Bottom Line" (TBL) in the phrase "people, profit, planet" which was coined by John Elkington of England (Elkington, 1997, 1998). Elkington (1997) presents a framework of TBL as a key concept that promotes business sustainability of environmental quality, elements of profit, and social justice. Elkington (1997) conclude logically that the TBL philosophy, " the concept of economic capital will need to absorb the concepts more broadly, such as natural capital and social capital. There are three types of capital, not only the economic capital, which must be protected: this is why the Triple Bottom Line is needed, to examine the reality of preserving the three types of capital. There are two views on the framework TBL:

1. TBL models optimistic outlook

Diane Depken & Catherine Zeman (2016) states that the financial bottom line is not the only or even the most important measure of success. They are positioned as a model TBL profit creation for shareholders. A sustainable company “create profit for its shareholders while protecting the environment and improving the lives of people with whom to interact”. This definition implies that the decision to take action in support of the natural and social capital increase will not lower the profit of shareholders. Diane Depken & Catherine Zeman believes that the fulfillment of the responsibilities of nature will improve the profitability of the company.

2. Pessimistic view of the model TBL

However, TBL model is based on the concept of “eco-efficiency”. Elkington (1997), provides a fundamental role for eco-efficiency in building models of TBL. According to him, the development of the concept of eco-efficiency enable the development of models of TBL, a framework that he believes could save employers from communism ecology.

Untill now, the TBL concept had much to contribute to the development of practical business and become the company's social impact assessment methods on the environment and surrounding communities theoretically, especially in large companies. Many large companies have incorporated these concepts in corporate environmental responsibility report. However, it is not the case for small companies. Not only takes willpower to run TBL, but also the necessary expertise and the cost is not small. Empirical evidence shows that when companies add social and environmental components to assess their performance, these factors are often overshadowed by the financial dimension as well.

A study by Quinn and Baltes (2007) found that 45 percent of leaders surveyed realize the concept of TBL. The leaders of the companies have found that the biggest obstacle to overcome when applying the concept of TBL is a lack of understanding within the organization. Although there is public sentiment against social and environmental responsibility of the company, the financial focus at most companies tend to take priority over the other components of TBL so that leadership and organizational support tend to be neglected (Quinn and Baltes, 2007). Elkington confirms that some of the most interesting challenges is found not within but between the areas covered by the economic, social and environmental bottom line. Elkington also states that there is one area where we see growth rates of overlap between economic and environmental performance of the company is “eco-efficiency”. The researchers concluded that the model TBL-based eco-efficiency is not a guarantee of progress on environmental issues. In fact, it can lead to increased degradation. Contrary to the expectations expressed by Elkington (1997) eco-efficiency will not save capitalism.

Integration Components TBL

Based on the work of Carter and Rogers (2008), we agree with the definition TBL as a strategy to integrate the achievement of social objectives, environment, and economy in order to improve the performance of individual companies. Ppublic ompany which first adopted the theory of TBL in reporting its performance is Shell in 1998. Since then other leading companies including Nike, Texaco, AT & T, IBM, Hewlett Packard and Dow Chemical have joined the movement TBL (Steven A Rod L Flanigan Schulz, 2016).The main challenge in adopting TBL strategy lies in the measurement of each construct in a single metric (integrated) and the use of TBL to gain a competitive advantage in the marketplace. Limited research has shown there are three advantages that consistently have adopted this model and the benefit of increased revenue and market share, the weakening of employee retention, and increased community (Quinn and Baltes, 2007).

This paper adopts the opinion Steven A Schulz Rod L Flanigan (2016) in making the integration metric TBL component in realizing the business continuity and then apply it to SMEs.

1. Financial metrics of TBL

Financial components TBL focuses on a different measurement of productivity and return on assets for the company. For example, a manufacturing company can start a lean manufacturing program that would reduce production costs through more efficient use of resources. To become a sustainable operation, the company must be involved in commercial activities that generate enough revenue to support itself. The company also must have clearly set the same financial input or even exceed their output to be successful. Measurements are often used to finance measurements may vary by industry, but often include EBITDA, ROA, ROI and net sales (Markley and Davis, 2007). Financial success can also include variables such as job growth, market share, and sector revenues that contribute to the overall economy (Slaper and Hall, 2011).

2. TBL environmental metrics

Previously research shown that the environmental dimension of the TBL should focus on the company's impact on both living and non-living natural systems. These include ecosystems, land, air and water (Jamali, 2006). The idea of environmental sustainability, however, may have different meanings for different industries. environmental sustainability for producers may, for example, be entirely different models than industrial distributors in the supply chain. Some environmental studies use the Toxic Scale Release Inventory (TRI) as an indicator of environmental performance (eg, Pagell and Gobeli, 2009), but most often TRI data is reported for emissions emitted during the manufacturing process. These, and the same measurement instruments, are very limited to only one link in the supply chain as a whole. environmental metrics should represent measures of impact on natural resources and long-term sustainability of the company (Slaper and Hall, 2011). environmental measurements can come from internal and external stakeholder groups. In the United States, the Environmental Protection Agency (EPA), advocacy groups, and the media have developed a number of environmental indices. The overall objective should identify and implement sustainable plans for all stakeholders while creating a competitive advantage. Elkington (1998) states that in the business world, environmental performance is increasingly seen as a competitive and strategic issue for companies. Previous research has shown that the environmental dimensions of TBL should focus on the impact of firms on both living and non-living systems of nature. This includes the ecosystem, the land, the air. In addition to the pursuit of profit (profit), the company must also pay attention and be involved in the fulfillment of people's welfare (people) and contribute actively in preserving the environment (planet).

3. Social Metrics TBL

Corporate ethics deliberate how to make a contribution to society, many consider ways to contribute to their communities that may include retention careers, volunteerism, and charitable contributions. Other measures of the social impact could include education and training, access to social resources, health and welfare of employees, social performance of suppliers, and social capital. According to Shell's website, their social investments including support for community development

projects, understand the needs of the local area, and addressing social and economic issues relevant to their business.

Norman and MacDonald (2004) suggested a small sample of data can be collected to develop the company's social report. For example, companies can see the diversity of their company to see if there is a percentage of female senior executives, or the percent of employees who are members of visible minorities. They can also see the health and security of their corporate data. This may include the number of deaths at work per year, or the percentage of employees agree that their workplace is safe and comfortable. One of the most common measurement states include community involvement as a whole. This may include the percentage of pre-tax profits donated to the community or the policy of encouraging the use of local contractors and suppliers (Norman and MacDonald, 2004). Companies can open the door for dialogue and positive stakeholder relationships involving around environmental and social impacts. By doing this, companies present themselves as a good corporate citizen and partner to the community (Quinn and Baltes, 2007).

Profit becomes the main and most important objective in every business activity. No wonder the main focus of all activities in the company is to pursue profit and boost stock prices as high. because this is the most essential form of economic responsibility to shareholders. Activities that can be taken to boost profit, among others, by increasing productivity and cost efficiency. Increased productivity can be gained by improving work management starting process simplification, reducing inefficient activity, saving process and service time. While cost efficiency can be achieved if the company uses the material as economically as possible and cut costs as low as possible. People or the community are very important stakeholders for the company, because public support is indispensable for the existence, survival, and development of the company. Reasons must pay attention to the interests of the community: 1) the company's operations have the potential to impact the community. Therefore, companies need to perform various activities that can touch the needs of the community. Planet or environment is something that is related to the whole field in human life. Since all activities carried out by humans as living beings are always related to the environment such as drinking water, inhaled air and all equipment used, all from the environment.

Ness et al., (2006) cover ways to conduct a sustainability assessment is based on three main areas of focus, namely sustainability indicators, assessment of related products, and integration of sustainability assessment tool. They concluded that the tool was varied today must meet the criteria for assessment specifications and can be accessed by users who are very diverse by providing standardization action. Thus, there are conflicting requirements for the application of this tool. The proposed tool is a strategic assessment rubric, sustainability assessment, integrated assessment and environmental impact assessment and the beginning of the traditional Environmental Impact Assessment (EIA), which was developed under the Act of the National Environmental Policy (National Environmental Policy Act / NEPA). The analysis in question is EIA approved by most major companies and it requires large resources to implement it. It was reasonable because large companies have the ability to hire professionals experienced in the application of applying the assessment tool.

TBL role for Building Sustainability Small Business

The process of building a sustainable business requires a set of skills, abilities and resources for small or medium-sized business owner or manager (large). While medium and large companies familiar concept of ISO and have the resources to take advantage of environmental management tool provided by the International Organization for Standardization (ISO 14000) as a whole, many small businesses do not have the resources to enforce the preservation of a sustainable environment and or monitoring social impact (ISO 14000, 2016).

Saez-Martínez et al., (2016) propose a theoretical framework useful to examine the application of a small corporate responsibility and its relationship with the company's overall performance. The model is applied to small entrepreneurs in Europe in the sector of water and wastewater (Rabadán and Saez-Martínez, 2017). This framework has the potential to be a useful system analysis tool for businesses of all sizes, but very practical for SMEs and SME researchers who want to explore the complex relationship between corporate values collaborative partners, the market demand, regulation and incentives.

In another study, Diane Depken & Catherine Zeman (2017) stated that the response rate of small businesses to the implications of TBL in ensuring the sustainability is still low. It may be a useful indicator to explain the missing link between profitability and social responsibility Among the many small businesses in the United States. Without a set of values that are submitted by recognized thought leaders leading institutions such as the European Commission for the European Union, then the profit will beat social values in the capitalist economy. It is at least shown by the rejection rate of 90% when the company was invited to participate in this survey.

A number of conceptual model has been trying to integrate components of TBL with little consensus in the literature. Carroll (1991) created a scorecard approach to identify groups of stakeholders including owners, customers, employees, communities, competitors, social activist groups, and the general public in an effort to align corporate values with economic missions. Scorecards are quick to point out the complexity of problems to be solved by the various stakeholder groups. Carroll develop social responsibility pyramid companies with a sequence of economic responsibility, legal, ethical, and philanthropic.

Hubbard (2009) extended the work of Carroll (1991), and Kaplan and Norton (1992) to develop a Sustainable Balanced Scorecard (SBSC). SBSC models try to incorporate financial measures, market information, internal processes, and learning and development of long-term issues for a company or organization taking into account the interests of stakeholders. Hubbard uses this scorecard to capture the elements of environmental and social sustainability by developing Sustainable Organizational Performance Index (OPSI). OPTIONS sums all the data in the SBSC and then create a single value for each category. For smaller companies, we propose expanding the work of Carroll (1991), Kaplan and Norton (1992), and Hubbard (2009) with a balanced scorecard design combined with an assessment tool that shows the relationship between the factors that affect the company's strategy to gain competitive advantage. By applying the proposed model, the small company can determine the amount of resources that can be allocated to each production unit appropriately.

Kleine and von Hauff (2009) develop integrative triangular sustainability that can be used to evaluate the relative performance of an organization for each component of the TBL. Their work moved the discussion from a focus on economic performance to normative measures of corporate social responsibility utilizing the triangle Gibbs borrowed from engineering and materials science. The result is an integrative sustainability triangle that visualizes TBL as a mixture of the three components shown in two dimensional media. While the results are intuitively interesting, the model relies heavily on an accurate assessment of subjective topics across different stakeholder groups.

By utilizing this model, managers can determine the performance of the TBL for each component, and how each component factor into the overall assessment. This model extends the results of integrative triangle sustainability into a three dimensional representation of the results of Balanced Scorecard Modified while maintaining the integrity of each component. The main advantage of this visualization is that a trade-off assessment is not required and every component of TBL can be assessed with an overall score. Since economic, environmental, and social outcomes are not always financially measured, results need to be

addressed as individual components, and then normalized for use in the overall valuation model.

CONCLUSION

Maintaining the sustainability of the business is the main objective to be achieved by the company in carrying out its business activities, including small companies. Theoretical studies explain the concept of sustainability as a business activity aimed at gaining the prosperity of the present generation without diminishing the rights of future generations to gain equal prosperity. In this case, the TBL Model is a sustainability concept that enforces the needs of the company to gain profit with the welfare of the environment and the communities surrounding the company.

Implementation of the concept of TBL requires skill and cost is not small. For large companies, it does not become an obstacle. Large companies can hire experts and fund all the costs required in designing the concept of sustainability. But what about small companies? With limited skills and capital, small companies can integrate the TBL components to sustain their sustainability by identifying stakeholder groups including owners, customers, employees, citizens, competitors, social activist groups and the wider community in an effort to harmonize company values with economic missions . In other words, in order to gain long-term profit, the company must be friendly with nature and the surrounding community. The level of competitive advantage will be formed if public opinion says that the company is indeed a good company and has a quality product.

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