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An Assessment Of The Extent To Which Zimbabwean Organizations Have In Practice Begun To Make The Shift Towards Triple Bottom Line Reporting (TBL).

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Abstract

The purpose of the study was to assess the extent to which corporations in Zimbabwe make shifts towards the triple bottom line reporting and asses the balance of the three Ps. This was done through a content analysis of company annual reports of 40 listed companies in Zimbabwe for period 2009 to 2012. The assessment criteria comprised among others of TBL balance, inclusion of TBL elements in reporting, environmental policy in place and reported, stakeholder assurance, GPI reporting, Quantification of the other two Ps, any Environmental award obtained. Results showed that companies in Zimbabwe generally are making shifts towards the TBL reporting although not remarkable. Whilst companies are making shifts towards the TBL reporting, the standard of reporting is still below one's expectation as there are a lot of irregularities between companies and sectors. Considerable coverage was realized in the mining sector, Beverage, Food processing, and Building and associated industries' sectors. Since there is no specific law that makes TBL reporting mandatory, variations in terms of consistence and quality will always be a norm hence, it was recommended that environmental and social audits by the government agencies like the Environmental Management Agency, Ministry of Environment and Tourism and NSSA among others.

Key words: ***Tripple bottom line, Global Reporting Initiatives, Social Responsibility***

INTRODUCTION

Every action that businesses take, large and small, public or private, affects a large number of stakeholders. The idea behind the triple bottom line (TBL) paradigm is that a corporation's ultimate success or health can and should be measured not just by the traditional financial bottom line, but also by its social/ethical and environmental performance (Norman and MacDonald 2003). The apparent novelty of triple bottom line lies in its supporters' contention that the overall fulfilment of obligations to stakeholders should be measured, calculated, audited and reported, just as the financial performance of public companies has been for more than a century. This is an exciting promise. Such stakeholders include customers, shareholders, employees, suppliers and society in general.

(Elkington 1994)'s argument as the founder of the concept, is 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 organization 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 country's business sector has not been particularly generous towards the non-profit sector and there has been little attempt to concert corporate responses to pressing social problems. As the country is emerging from economic meltdown and trying to restore lost fortunes, one should rethink paradigms attuned to optimizing corporate social responsibility. The problem in Zimbabwe is that many companies expose their marketing and promotional programmes and activities as socially responsible programmes. For instance, a company might introduce an aggressive sales promotion strategy, e.g. 'buy one and get one free,' and mistake that as corporate social responsibility. The main goal of the research is to assess the extent to which corporations in Zimbabwe balance the three Ps in reporting.

Statement of Research Problem

Mission statements and visions of most corporate emphasise customer interests and the maximisation of returns for shareholders, while corporate reports give more attention to financial than to social issues. This indicates that triple bottom line reporting is still a peripheral concern in most Zimbabwean corporate life. Although TBL is not yet law, it is fast becoming a de facto law, written and enforced by customers themselves, hence the need to assess how well companies in Zimbabwe have accommodated all the three Ps in their reporting in a recovery economy period 2009 to 2012

LITERATURE REVIEW

Triple Bottom Line reporting

According to Chapman and Milne (2003), Triple bottom line reporting involves the measurement, management and reporting of economic, environmental and social performance indicators in a single report. The founder of the concept (Elkington 1998) noted that it involves incorporating economic, environmental and social performance indicators into an entity's management, measurement and reporting processes. Of special importance to note is that business' engagement with the sustainability agenda is firmly rooted in a history of practices of corporate reporting, and more particularly, with the reporting of impacts of an organization on planet and people other than the traditional financial transactions. With this view, it means triple bottom line takes much care of environmental, social and financial outcomes into account.

Elkington further noted that this idea took its root from the view that initially, organisations confined themselves to the voluntary reporting of supplementary narrative discussion on selected environmental and some employee matters and this appeared in the conventional annual report to shareholders. From the 1990s in Europe, the UK, Canada and the USA, however, separate voluntary reports on organisations' selected environmental, social, and/or health and safety impacts were increasingly issued by larger organisations. Kolk, et al. (1999) in their KPMG International Survey of Environmental Reporting of 1999 provided a means to track trends in reporting, and have generally shown increasing take up of such reporting in most countries, although such reporting occurs primarily amongst the world's largest organizations in Europe and the US, and among those in the high impact industries such as chemicals and synthetics; forestry, pulp and paper; utilities; oil and gas, and many others, a finding consistent with numerous academic studies. The results demonstrate once again that companies are continuing to respond to the demands of their stakeholders for transparency in the way they operate and undertake their activities, and also to emerging legislation in the field of environmental reporting.

(Milne et al 2005) noted that the emergence and increasing take-up by business of the TBL, however, seems to have created dangerous uncertainty as to what is required of organizations. At its narrowest, pursuing the TBL involves measuring and reporting economic, environmental and social performance objectives that are pursued simultaneously. The three Ps in question are people planet and profit. It is generally accepted that the triple bottom line refers to the economic, social and environmental aspects of business performance, Global Reporting Initiative (2002). Elkington (1998) refers to the three components as the delivery of environmental quality, social equity and economic prosperity by businesses. However, the performance of these three factors should not be viewed in isolation from each other, but as an integrated suite for sustainability, and the broad nature of the three components should not be lost in a narrow indicator definition process that loses sight of the integrated and all encompassing nature of sustainability, Vanclay (2004).

(Christen et al 2006) noted that a widely accepted format for the integration of triple bottom line concepts about sustainability into business is provided by the 2002 Global Reporting Initiative (GRI) guidelines. These guidelines are used by Australian and international businesses to produce reports that rank highly on the world sustainability reporting stage. Further triple bottom line reporting, including the use of GRI format, is increasingly evident in the broader water utility industry and is becoming an important tool to complement sustainability management within irrigation companies. (Christen et al 2006)

(Maphosa 1997) found out that mission statements emphasise customer interests and the maximisation of returns for shareholders, while corporate reports give more attention to financial than to social issues, indicating that social responsibility is still a peripheral concern in most Zimbabwean corporate life. In the absence of a legal framework mandating social responsibility, social issues will continue to receive peripheral attention in corporate policies, strategies and information systems.

Drivers for sustainability reporting

(Chriten et al 2005) in their article came up with factors that influence a business or organisation to adopt the triple bottom line as a means to integrate sustainability into business management and performance reporting as shown below;

Driver	Description
Ethical	Ethical obligations accepted by corporate executives
Accountability	Social expectations for broader corporate accountability, transparency and improved ethical behaviour, particularly with social and environmental issues i.e. a licence to operate
Financial	To highlight the value of the business in order to attract investment, improve shareholder value and market position i.e. increases investor confidence. Sustainability reporting could be driven by the community recognition that sustainability generates greater economic returns.
Communication	A process to enhance constructive engagement with external stakeholders
Risk	To aid in risk management (strategic, financial, operational, commercial and technical risk)
Legislation	Legally obligated as part of licence to operate to disclose particular areas of business performance eg financial, environmental impacts, social governance
Business management	Improve the operation and management of the business, i.e. cost savings from cleaner production, enhance production efficiencies, lower health and safety costs, improve employee motivation, increase access to finance, influence regulation by best practice, attract investment, increase reputation and market advantage
Benchmarking	The ability to benchmark performance with similar businesses

Source: Christen et al (2005)

The GRI framework for TBL reporting

The GRI was formed by the United States based non-profit Coalition for Environmentally Responsible Economies (CERES) and Tellus Institute, with the support of the United Nations Environment Programme (UNEP) in 1997. Its mission is to make sustainability reporting standard practice by providing guidance and support that enable organizations to report transparently and accountably, as drivers of the transition to a sustainable global economy based on the principles provided to guide reporting that is a balanced and reasonable account of performance as shown in the table below.

Table 1: The Global Reporting Initiative Reporting Principles

Principles	Function
• Transparency • Inclusiveness	Starting point in the framework and basis for all principles

The International Journal's
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• Sustainability Context • Relevance • Completeness	Determines what the organisation should report
• Neutrality • Comparability • Accuracy	Guides the quality and reliability of the report content
• Clarity • Timeliness	Concerns access to and availability of the report
• Auditability	Closes the framework and allows for report preparation and content to be tested against expectations

Source: Global Reporting Initiative (2002)

As a reporting tool, the GRI guidelines do not provide the performance management tools such as codes of ethics, codes of conduct, performance standards or management systems that are the subject of reporting. This study therefore is also guided by the expectations and principles of the Global reporting initiatives as a benchmark of assessment.

METHODOLOGY

The content analysis technique was used. Use was made of the companies 'annual reports to assess whether what is in the vision and mission statement is what is also being reported. Data was collected from annual reports for time period from 2009 to 2012, when the economy was in a recovery mode. The research used a sample of 40 companies listed on the Zimbabwe Stock Exchange emanating for 15 different sectors of the economy, among others are mining, agriculture, tourism, food processing to mention just a few. The Annual reports were accessed from company websites, Stock analysts and financial sites archiving stock market listed companies' information. The assessment was therefore based on annual reports by analysing the contents of the report. The objective was to assess the inclusion and measurement of social issues and environmental issues in the reports.

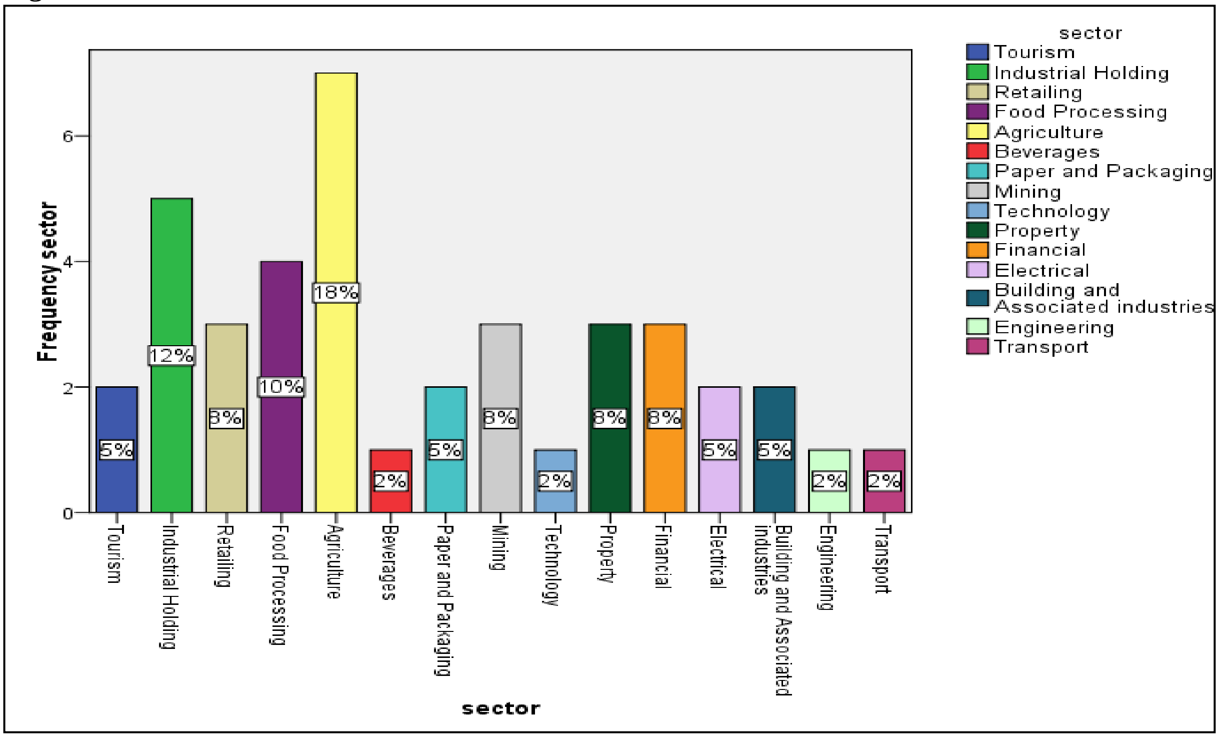
(Chapman 2003) used the content analysis technique a similar study on how companies were measuring up the TBL in New Zealand through a benchmark tool comprising 50 reporting items, grouped under the five sections of (1) Management Policies and Systems, (2) An Input/Output Inventory, (3) Finance, (4) Stakeholder Relations and Partnerships, and (5) Sustainable Development. Maphosa (1997) for a similar study of corporate social responsibility in Zimbabwe used content analysis as a technique of mission statement and annual reports. The main advantage of the content analysis technique is that the researcher can find answers to the questions they need rather than searching through irrelevant or inappropriate information.

The components of the content which formed part of the assessment criteria were, balance of TBL performance, Vision of sustainability, Elements of TBL, inclusion of TBL in reporting, sustainability strategy by the company, environmental policy in place and reported, stakeholder assurance, GPI reporting, Quantification of the other two Ps, any Environmental award obtained

Data analysis

The chart below shows the composition of the sample.

Figure 1



40 companies were drawn from 16 sectors of the economy. It was crucial to make an assessment of many sectors to note the variability in report coverage and quality by sector, since some sectors are high impact industries to both the society and environment such as chemicals; forestry, mining, and agriculture among others.

Results in figure 2 below indicate that majority of the companies are moving towards triple bottom line reporting with many reporting on all three areas, social, environment and economic. The only gap was in report coverage and quality amongst each company. This gap was also used as an assessment tool of showing the balance in reporting the three elements.

The International Journal's
Research Journal of Commerce & Behavioural Science
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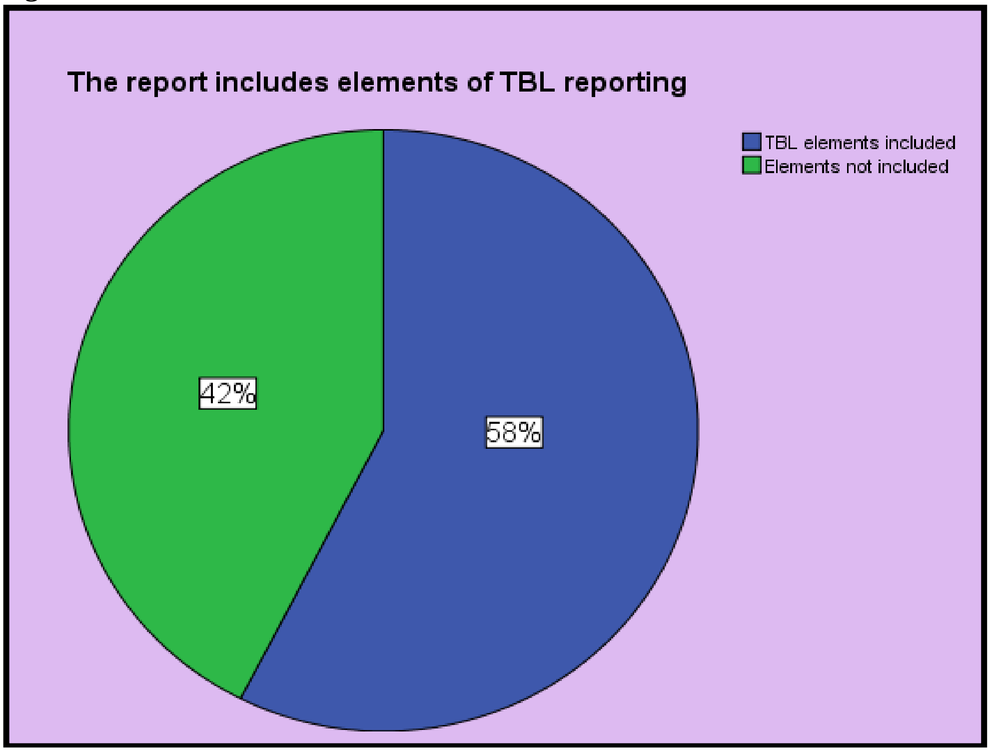
Figure 2: Inclusion of elements of TBL



As part of the analysis, evidence for the existence of TBL components in companies' reporting was checked; that is the extent to which companies were quantifying social and environmental issues in their reporting. Evidence of targets and performance measurement plus reference to the measurement of performance against that of other organizations in their sector was also used as part of the assessment. The table below gives a summary of TBL balance by sector

Table 2: Balance of TBL performance data presented

		There is a balance of TBL performance data presented			Total
	Sector	Balanced (15%)	No Balance (65%)	Outstandingly done (20%)	
	Tourism	0	2	0	2
	Industrial Holding	0	4	1	5
	Retailing	0	2	1	3
	Food Processing	1	2	1	4
	Agriculture	1	6	0	7
	Beverages	0	0	1	1
	Paper and Packaging	0	2	0	2
	Mining	0	1	2	3
	Technology	1	0	0	1
	Property	0	3	0	3
	Financial	1	2	0	3
	Electrical	1	1	0	2
	Building and Associated industries	1	0	1	2
	Engineering	0	0	1	1
	Transport	0	1	0	1
Total		6	26	8	40

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Table 1 above details whether there was a balance of Triple Bottom Line performance data in the companies reporting. Out of the 40 companies assessed, 65% did not touch all the sides of the reporting triangle. 35% met the TBL balance in their reporting, and further breakdown showed that 8 companies out of the 35% balanced the TBL satisfactory and outstandingly in compliance with the Global Reporting Initiatives. Evidence showed that amongst the 8 companies they had to quantify the performance of the other two Ps, and social and environmental policies were clearly reported with some companies going to the extent of being awarded for environmental performance excellence. The above result shows a clear indication of some considerable variability in report coverage and quality. Kolk, et al. (1999) in their survey noted that environmental reporting among the top global companies clearly differs between sectors, with a higher level of reporting in sectors with a (perceived) relatively large environmental impact such as pharmaceuticals, mining, forestry, pulp and paper, chemicals & synthetics, and transport (airlines, rail, shipping). This is consistent with the results of the following sectors assessed, mining, building and associated industries, engineering, and beverages.

Whilst there might still be a lot of imbalances and variability in corporate reports, it was noted that companies at least show an appreciation of other elements of the sustainability triangle and 58% of the companies included the elements of TBL a clear indication of some shifts towards the TBL reporting. This is consistent with Chapman (2004)'s result that while the number of companies undertaking triple bottom line reporting is increasing, the standard of reporting generally remains poor

Further analysis showed that two thirds of the mining sector sample reported outstanding performance and well balanced detailed reports on social and environment sections. Since one would expect a lot of environmental impacts (negative and positive) by the mining counters, the companies reported in line with this expectation by explaining all effects of their operations to both the people and planet. Special mention of such companies goes to Rio Zim, Bindura Nickel, and some outside the mining sector were OK Zimbabwe, Innscor Africa, Delta Beverages, Dairiboard Zimbabwe, and Turnall Zimbabwe. Whilst one would expect the agricultural sector to attempt to balance the TBL especially with special emphasis on the environment, 6 of the companies did not balance their TBL reporting, together with all 3 property counters assessed.

The Planet 'P'

Planet 'P' is a measure of how environmentally responsible a company has been. In assessing the companies' responsibility towards the environment, the researcher focused attention on environmental protection and environmental rehabilitation as was used by (Maphosa 1997). Above that we extend the environmental assessment to compliance with GRI, Environmental awards if any, Environmental policy in place. The table below shows the environmental issues appearing in the reports and the number of companies including those issues in their reports.

Table 3: Inclusion of Planet Issues

Item	Number of companies	%
GRI reporting Followed	20	50%
Environmental Policy	21	53%
Quantification of TBL	7	18%
Environmental rehabilitation	21	53%
Environmental protection	19	48%

Environmental protection and environmental rehabilitation focused on reports about companies' efforts to reduce the negative impacts of their activities on the environment and efforts at finding solutions to the already damaged aspects of the environment. From the above it can be concluded that at least 50% of the companies are aware of their environmental responsibility and are recognizing this in their reporting. Since GRI principles have not been put into law, total compliance by companies is still lacking. However, it was found from the study that 50 % of the companies have begun to practice the

TBL reporting through GRI principles. 18% of the 40 companies reported about their environmental policy. This is another gap that still needs to be filled if companies are to be in total compliance to the TBL. If only 7 companies out of 40 could quantify the performance of the other elements of the bottom line, the standard of the Triple bottom line is still poor despite the fact that they have begun to practice it. Two thirds of the mining sector has done justice towards environmental reporting. This is consistent with Kolk, et al. (1999) who noted in their KPMG International Survey of Environmental Reporting of 1999 that companies are continuing to respond to the demands of their stakeholders for transparency in the way they operate and undertake their activities, and also to emerging legislation in the field of environmental reporting.

The People 'P'

This is a measure in some shape or form of how socially responsible an organization has been throughout its operations, that is, social performance of the corporation over a period of time. Elements of this P were employee benefits, employee welfare, infrastructural development, health and Safety, community donations and staff training. ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society. It also helps clarify what social responsibility is, helps companies translate principles into effective actions and shares best practices relating to social responsibility. We noted that employee benefits were reported almost in every annual report because this is also a requirement by the International Accounting Standards. Otherwise the other components were reported in the overview or in brief summaries. The composition of social issues assessed is shown in the table below.

Table 4: Inclusion of People and Social Issues

Subject	No. of companies	percentage
Benefits to employees	39	98%
Employee welfare	23	58%
Donations to community	20	50%
Health and safety	21	53%
Infrastructural development	23	58%
Training	15	38%

Health and Safety is well appreciated in the corporate word. For those companies who included it in their reporting, it received considerable ground of more than 2 pages on average and it was also noted that a lot of companies have a policy on Health and Safety in place. Maybe one would argue that it's a regulation by National Social Security Association (NSSA). Companies like Econet have been giving out scholarships to underprivileged students under the Joshua Nkomo Scholarship Fund and Capernaum Trust. In the manufacturing industry Tongaat Hullets, BAT Zimbabwe, Delta and ZIMASCO run social responsibility programs. At least most on majority of the social elements, more than 50% of the companies are appreciating the social component of their operations. Clemence Muchadu in his newspaper article 'Social responsibility lacking' commented that many companies in Zimbabwe say they are not performing well to be involved in CSR, but there are also companies that are doing very well but are not involved in any social responsibility activities. Companies should know that they can become great enterprises if they start donating, through various CSR programs. Maphosa (1997) found out that that mission statements emphasize customer interests and the maximization of returns for shareholders, while corporate reports give more attention to financial than to social issues. The results showed an improvement from Maphosa's study and most of the social issues are being incorporated by at least more than 50% of the companies

Conclusion and Recommendations

Indeed companies in Zimbabwe generally are making shifts towards the TBL reporting although not remarkable. In as much as companies are including elements of the TBL in their reporting, quality and uniformity of the majority is still poor. Outstanding work is being done in the country by a limited number of companies. Nonetheless, there is a considerable way to go if organizations are going to live up to their own claims for being transparent, accountable, and responsible. In some of the reporting the researcher noted elements of bias by companies of reporting only the goodies of their operations in the social and environmental platforms. Most of the companies are at least recognizing the importance of the other two Ps and that companies do not operate in a vacuum.

Since there is no specific law that makes TBL reporting mandatory, variations in terms of consistence and quality will always be a norm. The researcher would like to recommend that environmental and social audits be done by the government agencies like the Environmental Management Agency, the Ministry of Environment and Tourism and NSSA among others. The International Standards Organization believes that companies' relationship to the society and environment in which they operate is a critical factor in their ability to continue to operate effectively.

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