How Far Triple Bottom Line Is Practicing Within the Context of Corporate Social Responsibility with Special Reference to Listed Companies in CSE Sri Lanka

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Abstract- Corporate Social Responsibility has gained vital attention in the modern corporate settings. In this phenomena, Triple Bottom Line is concerned as a vigorous component when it comes to the corporate practice aligned with CSR. But in most cases, CSR is practiced deviating from its original idea. Thus, this research is carried out with the purpose of finding how far the triple bottom line is practiced within the context of corporate Social Responsibility with special reference to listed companies in CSE Sri Lanka. This research is basically considered as a deductive research and thereby it becomes an explanatory type research. Data were gathered using a structured questionnaire with 32 questions. Fifty listed companies were selected under main four industry categories, namely banking, energy, retailing, food beverage and tobacco. Four hypotheses were formed and tested using correlation and all the hypotheses were accepted.

Indexed Terms- Corporate Social Responsibility(CSR), Listed companies, People, planet, profit

I. INTRODUCTION

Corporate Social Responsibility(CSR) has gained wide scholarly attention in 21st century due to the increasing prominence place on sustainable economic development. In 1970, the article by Miton Friedman on "The social responsibility of business to increase its profits" offers an argumentative viewpoint on CSR and contributes to the opening of space for many debates and claims. According to Friedman's view, using corporate resources to solve non-business "social" problems, the executives engaging in CSR were stealing from shareholders. They argued that if shareholders wanted to use their resources in such a way they could do so themselves privately. (Freeman & Dmytriyev, 2017). With the development of CSR as a corporate philosophy, the ultimate orientation of CSR has drastically shifted from shareholders to stakeholders. Accordingly, other parties except shareholders such as customers, debtors, investors, suppliers also reckoning as demanding affiliates when conducting business activities in volatile and dynamic business environment. With the stakeholder approach of CSR, the concept of triple bottom line gets an inclusive courtesy since it covers not only the profit, but also the planet and people. Triple bottom line (TBL) is a sustainability-related construct that was coined by Elkington (1997). (Alhaddi, 2015). Targeted toward corporations, the TBL agenda puts a consistent and balanced focus on the economic, social, and environmental value provided by the organizations. (Alhaddi, 2015)

Sri Lanka could be recognizing in South Asia as an emerging economy. While CSR is not quite familiar with the business context in Sri Lanka, business entities are now trying to carry out various projects, plans and activities to fulfill their corporate responsibility to society, economy and environment. Albeit this research is focusing on how Sri Lankan Companies embrace CSR and triple bottom line concepts in their endeavors as responsible corporate citizens.

II. PROBLEM STATEMENT

From the ancient view of business, profit has been a major concern of any profit oriented organization. That apprehension prioritizes the shareholders' interest over the stakeholders' interest. Albeit profit has become the major parameter which defines the organizational success. In accounting literature also, the concept of corporate performance normally refers to financial aspects such as profit, return on Assets

(ROA) and economic value added (EVA) using the nickname − the bottom line. (Fauzi, Svensson, &Rahman, 2010) With the concepts of sustainable development goals, sustainable economy, business entities have to move from this shielded behavior to an open and transparent mechanism to safeguard that they are paying apposite thoughtfulness to the people and planet apart from their profit. Sri Lanka is still a booming economy in the South Asian region, which escorted by many local and foreign business entities. But CSR and TBL concepts are still new in Sri Lankan business context. Majority of people consider CSR as philanthropic activity and providing funds to altruistic causes is the ultimate corporate social responsibility they have towards the society. When considering the general understanding on CSR from the respondents, it was exposed that; it is completely different from the exact concept of CSR under the triple bottom line concept stated by Elkington (1998) to the corporate level. Most of the respondents' explanations have weighted under the charity, donations, community need assessment and community helping works, etc. (Maduwanthi, 2019) This rationale is precluded in the modern view of CSR and the true definition of CSR, however, is recognized as described in the recently published ISO 26000 Standard on Social Responsibility, as corporate governance, human rights, labor practices, the environment, fair business practices and consumer concerns, with some reference to community engagement and growth aspects. (Thilakasiri, Corporate Social Responsibility and Social, Economic and Environmental Development in Sri Lanka, 2013) TBL has shown a positive impact on the organization. Since prior research on CSR has little shed light on the impact to TBL, it became very interesting to explore how TBL involve to the CSR dimensions of the company. Thus, the aim of this research is to reconnoiter the weight given to TBL by Sri Lankan business entities within their approaches to CSR.

III. LITERATURE REVIEW

In 1962, Milton Friedman coined that concept of CSR is fundamentally subversive and ultimate objective of corporate officials is to maximize the wealth of shareholders as much as possible. This argumentative statement leads to generate more discussions in the CSR field and extensive attention has emerged in the academic and corporate arena to find out what is the core of CSR. In 1960, Keith Davis claimed that CSR is "businessmen's decisions and actions taken for reason at least partially beyond the firm's economic or technical interest". That perspective drives somewhat beyond from the profit maximization concern and emphasis on other responsibilities assigned to the business. Joseph McGuire in 1963 also stress the importance of economic primitive but also coined the value of other social responsibilities assigned to business. In 1971, CSR was viewed in different angle by Committee for Economic Development. They introduced three circles which was named as Inner circle, intermediate circle and outer circle. Theinner circle includes the clear cut basic responsibilities for the efficient execution of the economic function-products, jobs, and economic growth. The intermediate circle encompasses responsibility to exercise this economic function with a sensitive awareness of hanging social values and priorities. The outer circle outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment. (Development C. f., 1971). As an extension of this concern in 1979, Archie B. Carrol claimed that CSR is a comprehensive concept that essentially asks: What is the role of enterprise in society? How do organizations discharge their responsibilities towards their employees and society? And how / why do businesses disclose information about the CSR publicly? Archie B. Carrol (1979) introduced "A three – dimensional conceptual model of corporate performance which includes philosophy of social responsiveness, social responsibility categories and social issues involved. Through that model Archie B. Carrol (1979), discuss about economic, social ethical and discretionary responsibilities together with range of social issues that management must address and how the social responsiveness should develop within the normal practice of business.
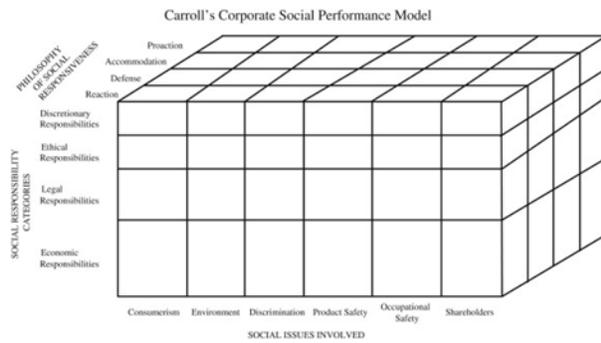
Figure I Carroll's Corporate Social Performance Model (Source: (Carrol, 1979))

With the constant evolution in the field of CSR, the concept of Triple Bottom Line(TBL) emerges. The concept of corporate performance needs to be extended to take the aspects of people (social) and the planet (environment) as important components of the performance of a company along with the profit.

Figure II Triple bottom line of sustainability (Source: Elkington, 1997)

Elkington, 1997 In his definition of TBL, used the terms profit, people, and the planet as the three dimensions to describe the economic, social, and environmental responsibilities respectively. Since the concept of TBL was coined by John Elkington in 1994 other stakeholders also get privileges to benefited by the business performance. Stakeholders are classified into two categories as primary stakeholders, and secondary stakeholders by Frederick, Post, and Davis in 1992.The key stakeholders are those who directly involve and are influenced by the company's decisions. Those categories include (i) suppliers, (ii) customers, (iii) employees and (iv) investors. The secondary stakeholders are the ones directly and indirectly affected by the decisions of the company in society. They include (i) local communities, (i) the

public, (iii) business groups, (iv) media, (v) social activist groups, (vi) foreign government, and (vii) central and local governments. (Frederick.W.C., Post, & Davis, 1992).Within the concept of TBL it covers all the aspect under the umbrella of CSR.

When it comes to the Sri Lankan context, private sector plays a dominant role in the business environment with the collaboration with local and foreign investors. Recently, CSR has become a topic of discussion in the Sri Lankan corporate sector. Due to the country's serious economic problems the people, employees, customers and other interested parties put pressure on the government and business sector to improve the people 's social and economic livelihoods.(Thilakasiri, Corporate Social Responsibility and Social, Economic and Environmental Development in Sri Lanka, 2013).According to (Sheham, 2016)the way the private sector acts and performs, therefore, will have more impact on the development of the country and its people than any other area of society, including government, NGOs and religious organizations. The connection between business and social evolution has long been recognized and the private sector has become both the primary engine of financial growth and a major contributor to human resource development. Further Sheham,2016 added Sri Lankan firms' CSR initiatives can be understood from two specific perspectives: a) externally oriented (popular visible point) and b) the level of internal policy. The former covers themes which appeal to the general public". Thus Nanayakkara,2010 claimed that many organizations in Sri Lanka take part in their responsibility for their socio-economic and environmental effects while at the same time generating profit

The main forms of CSR activity observed in Sri Lanka can be categorized as follows: Philanthropic and charitable activities, Environmental conservation, Public awareness, Corporate sponsorships (Sheham, 2016)

- Community issues
According to (Development C. f., 2020), Community issues is a way of thinking carefully about a problem or issue before acting on a solution. It first involves identifying reasons a problem exists, and then (and

only then) identifying possible solutions and a plan for improvement. The techniques for analyzing community problems require simple logic, and sometimes the collection of evidence. Further it declared following criteria should consider when identifying a community issue.

The problem occurs too frequently (frequency)

The problem has lasted for a while (duration)

The problem affects many people (scope, or range)

The problem is disrupting to personal or community life, and possibly intense (severity)

The problem deprives people of legal or moral rights (equity)

The issue is perceived as a problem (perception)

- Product and business practices

CSR initiatives of Sri Lankan firms can be understood from two broad perspectives:

a) externally focused (popular visible level) and

b) the internal policy level. (Sheham, 2016).For their annual reports, several businesses have a declaration of social responsibility. In many cases CSR appears to be an integral part of the business.

IV. METHODOLOGY

This study was based upon three dependent variables and one independent variable.Involvement to the tripple bottom line was analysed using the diemension of CSR. community issues, environmental performance, ,product and business practiceswere used as independent variables to analyse the impact to TBL
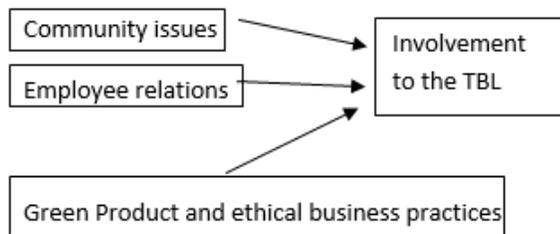

Figure III Conceptual Framework

Four research hypothesizes were constructed to analyze the relationship between independent variables and dependent variables.

H1: There is a significant relationship between company's CSRdimensions and its involvement to the TBL

H2: There is a significant relationship between Community issues and its involvement to the TBL

H3: There is a significant relationship between employee relation and its involvement to the TBL

H4: There is a significant relationship between product and business practices and its involvement to the TBL

Among 290 listed companies, 50 companies were selected to gather data through the stratified sampling techniques. Banking, energy, transportation and food, beverage& tobacco are the main 04 industry clusters that were used to collect data. Researchers collect data using a questionnaire which compromised from 32 structured questions which consist from two main parts. The first part of the questionnaire was used to gather data on demographic information regarding the company and the second part was used to obtain data on independent and dependent liker method variables. Multiple questions, dichotomous questions and ' Likert Scale ' questions form the questionnaire. The questionnaires were analyzed utilizing SPSS software, correlations and regression analysis according to the previous studies.

The research strategy of the present study was quantitative. The quantitative design involved elaborating theory, devising hypotheses, selecting a research design, devising measures of concepts, selecting research subjects, administering research instruments and collecting data, processing the collected data and analyzing them using quantitative techniques (Bryman, 2012)

V. RESULT AND DISCUSSION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 01 year	3	3.0	6.0	6.0
	2 years to 5 years	23	23.0	46.0	52.0
	More than 5 years	24	24.0	48.0	100.0
	Total	50	50.0	100.0	
Missing	System	50	50.0		
Total		100	100.0		

Table I: Detailed description of the sample base on lifetime

Sample compromised from 50 companies aged between less than 01 years and more than 05 years, according to table no 01. Twenty-four percent of companies were classified as older than 05 years, while twenty-three companies would have had a lifespan of two to five years at the time of the study.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Banking	10	10.0	19.2	19.2
	Energy	2	2.0	3.8	23.1
	Retailing	10	10.0	19.2	42.3
	Food beverage and Tobacco	30	30.0	57.7	100.0
	Total	52	52.0	100.0	
Missing	System	48	48.0		
Total		100	100.0		

Table II: Detailed description of the sample base on industry

According to the table, data was collected from the four major categories of companies. They include banking, energy, retail, food and tobacco beverages. Vast majority of companies listed under the food beverage and tobacco industries in the survey.

The following Table III defines descriptive statistics of responses which correlated with the independent and dependent variables of the study. As per the above table, mean value for community issues indicates that involvement of the community issues to the TBL is significantly high (M=13.44, SD=4.28). Mean value of employee relation (M=12.22, SD=3.99) and green product and ethical business practices (M=11.44, SD=2.91) too are significantly high indicating that both variables are favourably impacting towards TBL.

	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Community_issues	50	13.4400	4.28171	-.409	.337
Employee_relations	50	12.2200	3.99638	.135	.337
Green_Product_and_ethical_business_practices	50	11.4400	2.91485	-.436	.337
people	50	7.6400	2.65545	.276	.337
profit	50	7.9000	2.34085	.593	.337
planet	50	8.3400	2.79657	.288	.337
Valid N (listwise)	50				

Table III Descriptive analysis

		Tripple_bottom_line	diementions
Tripple_bottom_line	Pearson Correlation	1	.565**
	Sig. (2-tailed)		.000
	N	50	50
diementions	Pearson Correlation	.565**	1
	Sig. (2-tailed)	.000	
	N	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

Table IVCorrelation analysis

To identify the relationship between key research variables, correlation analysis was used. The results were presented in the table. As shown in table 4.11, correlation coefficient for the relationship between company's CSR dimensions and its involvement to the TBL is 0.565 and it is significant at 0.000 (p<0.05). This result supports the first hypothesis of the study (H1) is, there is a significant relationship between company's CSR dimensions and its involvement to the TBL. So that it can be concluded that there is a positive and significant relationship between company's CSR dimensions and its involvement to the TBL.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700a	.489	.456	5.59387

Table V: Regression analysis

As indicated by the table V R Square value is 0489 which means 48.9% of the factors affecting on TBL can be explained by the predictions of community issues, employee relations, green products and ethical business processes.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1379.876	3	459.959	14.699	.000b
	Residual	1439.404	46	31.291		
	Total	2819.280	49			

a. Dependent Variable: Tripple_bottom_line

b. Predictors: (Constant), Green_Product_and_ethical_business_practices, Employee_relations, Community_issues

Table VI: Regression model fit

As described by the table VI F value 14.699, which is significant at 0.05 (p=0.000) further indicates that the assumption that linear relationship between the independent and dependent variables is not violated.

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	3.748	3.238
	Community_issues	.058	.364
	Employee_relations	-.510	.350
	Green_Product_and_ethical_business_practices	2.237	.506

a. Dependent Variable: Tripple_bottom_line

Table VII: Regression model

According to the Sekaran, (2003) Multiple Regression analysis may often be used to estimate the values of a dependent variable depending on the values of one or more independent variables by computing the regression equation. According to the table VII might want to forecast the involvement of TBL to company's CSR dimensions:

TBL = 3.748+0.058CI-0.51ER+2.237GP

Where: M = triple bottom line
CI =Community Issues
ER= Employee relations
GP= Green products and ethical business practices

	Cronbach's Alpha
Community_issues	.889
Employee_relations	.901
Green_Product_and_ethical_business_practices	.867

Table VIII: Reliability test

According to table VIIshows the Chronbach's Alpha reliability about the Independent variables and dependent variable. According to the this study, the Cronbach's Alpha value of community issues, employee relations and green product and ethical business practices are 0.889, 0.901, 0.867 respectively. All the instruments had a high degree of internal consistency reliability. And Cronbach's alpha for the variables are higher than the 0.7 so can be said that the variables are significant to the study.

Dependent Variable Tripple_bottom_line

	Sum of Squares	Mean Square	F	Sig.
Between Groups	150.845	75.423	1.328	.275
Within Groups	2668.435	56.775		
Total	2819.280			

Table IX: Anova analysis

Differences of company's CSR dimensions to TBL on industry ages were tested through one-way ANOVA. Its result is reproduced in table IX Above result of ANOVA test reveals that company's CSR dimensions to TBL had not differed base on the company's age because of significant value is 0.275 it greater than 0.05 (P (f)>0.05). That indicates that there is no significant difference from industry scale to the company's CSR dimensions on TBL

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	169.051	3	56.350	.978	.411
Within Groups	2650.229	46	57.614		
Total	2819.280	49			

Table X: Anova analysis

Differences of company's CSR dimensions to TBL on different industry categories were tested through one-way ANOVA. Its result is reproduced in table X Above result of ANOVA test reveals that company's CSR dimensions to TBL had not differed among different industries because of significant value is 0.411 it greater than 0.05 (P (f)>0.05). That indicates that there is no significant difference from industry type to the company's CSR dimensions on TBL

Table XI: Hypothesis testing

Hypothesis	Correlation analysis		status
	Pearson correlation	significance	
H1: There is a significant relationship between company's CSR dimensions and its involvement to the TBL	0.565	0.000	Accepted
H2: There is a significant relationship between Community issues and its involvement to the TBL	0.522	0.000	Accepted
H3: There is a significant relationship between employee	0.417	0.003	Accepted

relation and its involvement to the TBL			
H4: There is a significant relationship between product and business practices and its involvement to the TBL	0.680	0.000	Accepted

According to the table XI, all the hypotheses get accepted under the correlation because p value is less than 0.05. Therefore, it can be statistically say that there is a significant and positive relationship between company's CSR dimensions and its involvement to the TBL.

VI.   DISCUSSION AND CONCLUSION

The main purpose of the research was to identify how far triple bottom line is practicing within the context of corporate Social Responsibility with special reference to listed companies in CSE Sri Lanka. Four hypotheses were established all the hypotheses were accepted. Fifty companies were selected to collect data and these fifty companies represent four major categories of industry.

According to the study results, the involvement of company's CSR dimensions to the TBL was significantly high in the listed companies in Sri Lanka. It can be acknowledged as a favourable trend towards the future It can be recognized as a positive trend for the future, as CSR should not be like an icing layer on a cake that only offers decoration for the goodwill of the organization. Company's CSR should truly devote to enhance the betterment of people and planet at the same time it pays its attention on increasing profits

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