TRIPLE-BOTTOM LINE AND CORPORATE SOCIAL RESPONSIBILITY: STEPS TOWARD SET MANAGEMENT

Shortcomings of approaches like FBL management have long been recognized, but two events in the late 1980s were key triggers that helped to usher in the Triple Bottom Line era. The first occurred in 1987 with publication of "Our common future" by the World Commission on Environment and Development (WCED), after which the term "sustainable development" became an important part of public discourse. A second related event was the increased knowledge about the science of climate change that came via establishing the Intergovernmental Panel on Climate Change (IPCC, 1988). The IPCC published its first report in 1990, which argued that climate change was occurring due to human activity, specifically the emission of greenhouse gases into the atmosphere. Though sometimes criticized, coupled together these provided two key ingredients for change to occur: 1) an urgent call based on science regarding the need for change (IPCC publications about climate change), and 2) a vision of what the change could look like (WCED on sustainable development).

Leaders in the world business community took note and began to establish new organizations that would help to encourage and develop management practices that are consistent with the TBL approach. This included the CEO-led World Business Council for Sustainable Development (WBCSD), which "marked the beginning of companies' embedded implementation of sustainable management goals and practices into strategy and process" (1990), and the Global Reporting Initiative (1990), which has established guidelines that have become "the world's primary framework for reporting on companies' triple bottom line and have been applied by thousands of businesses."

The TBL approach grew significantly between 1990 and 2010, both in terms of management practice and theory. For example, by 1999 already 35% of the largest 250 firms in the world issued reports on their socio-ecological performance; by 2011 it was 95%. This emphasis on socio-ecological sustainability continues to grow, with 49% of managers recently indicating that their firm's attention, investment, and commitment to sustainability had increased "significantly" (17%) or "somewhat" (32%) within the past year.

This shift toward the TBL approach is also evident in the development of new management theory. It is during this era that scholars first began talking about the "triple bottom line" perspective, which shows how managers can improve an organization's financial well-being by reducing negative social and ecological externalities. Another important contribution was the advent of the "*Natural Resource Based View*," which takes a dominant strategy theory from FBL management and demonstrates that businesses can enhance their financial performance by reducing costs associated with negative social and ecological externalities (see Chapter 8). This era has also been characterized by the flourishing of *stakeholder theory*, which was born out of the observation that shareholders are not the only groups with a stake in an organization: employees, neighborhoods, customers, suppliers, and future generations are also stakeholders because they are affected by what managers do (see Chapter 9). By the turn of the millennium, stakeholding had become one of the most-cited and familiar terms in the academic management literature. Along the same lines, this era witnessed unprecedented growth in the area of research known as **corporate social responsibility**, *which refers to managers' obligations to act in ways that enhance societal well-being even if there are no direct benefits to the firm's financial well-being by doing so*. Even with this apparent de-emphasis on financial well-being, the bulk of research in this field nevertheless examines the business case for corporate social responsibility.