

Sustainability Reporting analysis of Triple Bottom Line Revelations in the Industrial Revolution 4.0

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Abstract: Triple bottom line (TBL) and sustainability are two related constructs used interchangeably in the literature. A comprehensive review of the relevant literature has been conducted and has revealed inconsistent use of the term sustainability. Corporate Social Responsibility (CSR) is part of the responsibility and goodwill of the corporation/company and the company's voluntary interactions with their stakeholders. On the other hand, consistency in referring to the three lines simultaneously is built into the TBL structure because the constructs are explicitly based on the integration of social, environmental, and economic lines. However, because the company's concentration is more concentrated on the 4.0 industrial revolution, which is digitizing each process in the company so that the process of corporate social responsibility is hampered. The purpose of this paper is not to support arguments in favor of using one term over another but to provide an overview of the existence of both terms in the literature. With this in mind, researchers in business, management, and sustainability are encouraged to pay special attention to how they use these terms in their studies.

Keywords: Triple Bottom Line; Sustainability; Industrial Revolution 4.0.

INTRODUCTION

The state of the earth today has been a time of concern. Data from the United Nations agency quoted from its official website, states that in the 21st century, the earth's surface temperature has increased and is predicted to exceed 3 degrees Celsius. If left unchecked continuously, it will impact climate change that can no longer be controlled. If climate change can no longer be controlled and predicted, it will impact human food sources, namely animals and plants. Climate change is a global challenge that affects all the people of the world. Climate change can lead to weather patterns, rising sea levels, and other extreme weather events. It can disrupt the national economy, affect human life, and even cost lives.

Nowadays, environmental issues have become a global commodity related to economic exploitation. The global community is beginning to care about the environment and is attempting to repair the damage done to nature in a variety of ways. The process of environmental change has occurred and will continue, resulting in environmental changes, both qualitatively and quantitatively. Setiawati, (2010) provides five differences between past and present environmental changes: 1) Past environmental changes are very slow; 2) Recent environmental damage is global, crossing national borders; 3) Today's environmental damage has reached the boundaries of generations and harms future generations; 4) Much of the environmental damage is now irreversible; and 5) Environmental problems are no longer limited to ecological problems that are handled scientifically.

Setiawati, (2010) states that the attention of stakeholders to the company's environmental performance is increasing, which is caused by the increasingly prevalent issue of global warming. Haque & Islam (2012) found that since 2009, the issue that has attracted the attention of stakeholders related

to social and environmental responsibility is climate change due to global warming by greenhouse gases. Economic activity directly or indirectly has become a factor causing global warming, with companies as the most significant contributor of greenhouse gases due to various company production processes (Shodiq & Febri, 2015). So, currently, stakeholders demand that the problem of environmental damage caused by the company by the company's responsibility is not the community's responsibility (Setiawati, 2010).

Management in a company must capture the paradigm of economic growth as a motivation for sustainable company development because companies play an essential role in economic development (Yanti & Rasmini, 2015). Corporate Social Responsibility (referred to as CSR) is part of the responsibility and goodwill of the company, as well as the company's voluntary interaction with its stakeholders. The company's performance and being measured economically (single bottom) also requires two other measurements, namely social responsibility and environmental responsibility known as the Triple Bottom Line (TBL) concept. Fauzi et al., (2010).

CSR, apart from being part of corporate social responsibility, is also an area where companies can attract attention and interest from investors. Current business developments, coupled with the emergence of the industrial revolution 4.0 or many call it the era of the 2nd revolution of information technology/digitalization era. Making companies switch and compete to digitize every process in their business to forget to carry out their corporate responsibility (Megawati, 2018).

LITERATURE REVIEW

The term Industrial Revolution 4.0 was first stated by Klaus Schwab and the World Economic Forum. Since then, there have been many great ideas and discussions about this revolution. The industrial revolution is characterized by blending technology and blurring the lines between physical, digital, and biological forms. The author quotes from a journal by MinHwa et al., (2018) which states that the definition of the industrial revolution has had much controversy since the early 21st century when it was first created. There are still many people who do not understand what the industrial revolution is 4.0. The industrial revolution 4.0 can be defined as a revolutionary change that occurs when IT (Information Technology) spreads rapidly to all industry lines, namely primary, secondary, to tertiary industries. In other words, this is the result of horizontal IT development. For this reason, the industrial revolution 4.0 shows the creative relationship between technology and markets in all IT-based industries, namely an open combination of creativity from technology and markets through open innovation or development through an open/transparent business model.

The Triple Bottom Line (TBL) idea is increasingly gaining a place in the management of companies and other organizations because TBL captures the essence of sustainable development by measuring the company's success. The TBL concept shows 3 main components of the triple bottom line in the economic circle, which means that the company must focus on profits to maintain the company's survival. The social environment means that the company must commit to the community to provide the maximum benefit. The environmental circle means that all company activities are closely related to the environment. Therefore, it is necessary to pay attention to the company's operational activities (Alhaddi, 2015).

The combination of economics and society will produce a fair world or a balanced environment. A livable world or a decent environment will result from the combination of social and environmental factors. In contrast, the combination of the environment and the economy will produce an environment with fast-growing economic growth. If the three are combined, then it will result in sustainable development or sustainable company development.

METHOD

The literature review in this paper is part of a more extensive review conducted by Alhaddi (2015). The consensus in this study is that TBL as construction is related to sustainability. Research also shows that TBL is a consistent construct by referring to economic, social, and environmental lines (Elkington, 1997). Consistency is built into the TBL structure because it is explicitly based on integrating the three lines. In addition, TBL places three outlines, each of which provides balance and coherence in the construction (Elkington, 1997; Epstein, 2008; Savitz and Weber, 2006). On the other

hand, the literature reviewed shows a large amount of research on sustainability, the main focus of the environment or society. Therefore, a thorough review of the relevant literature was carried out to understand how each concept emerged in the study. This literature review aims to support the TBL versus Sustainability arguments and explain how they emerge in the literature.

RESULT AND DISCUSSION

A land clearing that causes damage to Indonesia's natural environment is currently being carried out by plantation and mining companies. If we examine more deeply the destruction of nature from only two types of natural management, the impact is unfortunate. It indirectly slaps the face of the current government on how it performs in protecting Indonesia's nature today. The presence of the State here as a government administrator that uses organs to carry out its functions, especially in the implementation of CSR, which has become a legal obligation, namely as a body that is committed to maintaining the harmony of society and the company to continue to interact socially while subject to regulations and supervision of applicable laws and regulations.

The government's expectations for companies that run their business in Indonesia, whether their primary resources are Indonesian or not, must be guided by the three pillars of TBL: social, economic, and environmental. What is described by Elvinaro et al., (2016) is, 1) Profit. Companies must remain oriented to seeking economic benefits that allow them to continue operating and developing; 2) People. Companies must continue to have a concern for human welfare. Several companies have developed social responsibility programs, such as providing scholarships for students around the company, establishing education and health facilities, strengthening local economic capacity, and others. 3) Planets. Companies must care about the environment, provide healthy water facilities, improve settlements, and develop tourism.

Today, in addition to being faced with increasing profitability, companies are also required to be sensitive to environmental problems resulting from their business operations. Apart from that, a company must also control the financial potential and non-financial potential in increasing the value of the company for the company's existence in the long term (Munawaroh, 2014). It indicates that a company's good name in the eyes of shareholders should not escape the company's goals to maintain the sustainability of its business. On the other hand, the company's control over the exploitation of nature in its business operations is deemed necessary in order to be held accountable for this. The need for the necessity to hold social responsibility for the impact of natural exploitation aims to determine the extent of the company's role in the environment, both good and bad.

In general, the concept of corporate social responsibility in the 4.0 revolution era or commonly known as CSR, actually rests on a common understanding, namely how companies establish good relations with their environment as government assistants by contributing to the welfare of society, preserving nature, and indirectly raising the value of the company itself in the eyes of society (Kotler and Lee, 2005; Wibisono, 2007; Lindawati and Puspita, 2015). Corporate Social Responsibility, when faced with accounting science, must have a very close relationship. It is because, either directly or indirectly, CSR can affect the company's financial flows. It is reflected in every financial report of a business entity regarding the amount of CSR costs incurred each year.

Corporate social responsibility (CSR) is a corporate social responsibility process in which there is a TBL concept which also requires additional 7P elements-Product, Place, Promotion, People, Process, Physical evidence. The balance between the TBL and 7P concepts is essential to maintain the sustainability of CSR and the company. For that, the company can ensure development from only one side, but it must be considered from all sides.

At this time, companies are faced with how they meet the interests of many parties. These parties are also referred to as stakeholders, namely parties who influence or will be influenced by company decisions and strategies (Clarkson, 2011). Triyuwono, (2015) described the concept of the company and its operation, which is based on maximizing profits to meet the interests of homo economicus (stakeholders). According to (Thaler, 2000; Sigmund, 2010; Xin & Li, 2013) the essence of homo economicus is to maximize self-interest to increase his wealth further. Apart from homo economicus, according to Jensen & Meckling (1994), in natural human characteristics. There are also homo sociological characteristics in which the homo sociological is uninterested in income; he will only

receive attention to his social environment and what psychological traits are required by humans, as well as his good reputation in the eyes of others.

Therefore, today's companies can not be separated from the surrounding natural conditions (Murdifin et al., 2019; Winarto & Rachmawati, 2020). Companies inevitably impact changes in the surrounding natural environment, whether by companies whose primary resources are directly sourced from nature or not. Although the primary resources of a company are not directly related to nature, every company has waste from the results of its operations, so from that, it is directly in contact with nature. Meanwhile, suppose this is not handled comprehensively. In that case, natural damage is unavoidable. For example, the Lapindo mud in Sidoarjo, which has not shown any signs of being able to return to its original form until now.

Therefore, it is necessary for the company's role in nature protection in every country. There are three objectives of social responsibility accounting, namely (Usmansyah, 1989): 1) To identify and measure the periodic net social contribution of a company, which includes not only costs and benefits that are internalized into the company but also those arising from externalities that affect parts of the company. Different social sections; 2) To help determine whether the company's practices and strategies that directly affect relative resources and social circumstances are consistent with social priorities on the one hand and individual aspirations on the other; 3) To provide in an optimal way to all social groups, relevant information on the company's goals, policies, programs, performance and contribution to social goals. The company's responsibilities are presented in the Sustainability report.

Sustainability Reporting can also be helpful as a marketing tool for companies if CSR is carried out continuously with TBL (Amanda, 2016). Therefore, the actual cost of CSR can be said apart from the aspect of expenditure that CSR companies must carry out (Said & Junaid, 2020). It is also a promising investment tool for the company's sustainability in the future. This investment cannot be measured by the value of money but can increase the value of the company's income indirectly. The substance of CSR itself is in raising funds and infrastructure development and how companies can integrate attention to social and environmental aspects in their business operations and their interactions with stakeholders based on the principle of volunteerism at first (Suprpto, 2012). Furthermore, on the other hand, indirectly increasing the company's reputation can be realized if the company can adapt to the interests of its stakeholders (Dickinson et al., 2010). There are several methods of measuring social accounting, according to Harahap, (2002), namely:

1. Using the Opportunity Cost Approach, for example, on the disposal of a company's waste, the social cost can be calculated by calculating the damage to recreational areas as a result of the waste disposal, the loss of human life, how much wealth is reduced;
2. Using a list of questionnaires, surveys, auctions, in which those who feel aggrieved are asked how much they have suffered or how much they have to pay as compensation for the losses they have suffered;
3. Using the relationship between mass losses and the demand for individual goods in calculating the number of public losses;
4. Using the market reaction in determining the price. For example, the judge's verdict due to public complaints about environmental damage can also be considered a basis for calculation.

As a result of the industrial revolution 4.0 era, many companies are more concerned with the digitalization side. They are competing to change their systems from production to managerial. They all want to be digitized. They want to catch up and follow developments/trends in the business world, even though they are pursuing profit. Profit is indeed significant for the company, but the digitization process will not run even though all tools and processes have been digitized. However, social and environmental conditions are not maintained and balanced, it will be difficult for the company to achieve the targeted profit. So that CSR here becomes a voluntary communication process for companies with their stakeholders. The role of CSR in industrial revolution 4.0 is to bridge the communication and socialization process of this information technology development.

An environment with different local wisdom, a society in which there are stakeholders, must be educated and socialized about the industrial revolution 4.0. So, not only is the system digitized, but human capital is also evolving so that concerns about human defects will be minimized. To achieve perfect integration between each element in TBL and 7P requires a continuous communication process. Suppose all elements have been maintained and implemented correctly. In that case, the expected profit

will be achieved, and CSR activities are expected to be no longer just a social responsibility but a corporate responsibility behavior.

CONCLUSIONS AND SUGGESTIONS

Corporate social responsibility is the company's concern for the interests of other parties more broadly than just the interests of the company. So from the previous descriptions, the conclusions drawn are from the management of Corporate Social Responsibility today that occurs in Indonesia. There are still various kinds of deficiencies that occur. If critically examined, this deficiency is significant to be realized immediately and can not wait anymore because the natural damage that is happening is getting worse.

The role of CSR in the era of the industrial revolution 4.0, also known as the digitalization era, inevitably experiences shifts and changes. Many companies are now busier in processing the digitization of their entire system to exclude CSR. In order to be able to continue to compete in the revolutionary era, industry 4.0, CSR must also be connected and play an active role in the digitalization process. It is known that CSR is a company tool for communicating with its stakeholders. CSR must build a new strategy to follow the digitalization process carried out by the company. Together with managers and employees in CSR, companies need to plan and revolutionize their work processes and make CSR no longer just a responsibility but the behavior of the company.

This article presents an overview of the existence of TBL and Sustainability in the relevant literature. The literature survey shows inconsistent use of sustainability where some studies use the term. However, it refers to one or two of the three known lines (society, environment, and economy). TBL and sustainability used interchangeably are related constructs. However, there appears to be inconsistent sustainability. As shown in this article, the literature survey results encourage researchers to pay special attention to the use of the term sustainability in their research. Therefore, if the researcher chooses to use sustainability concerning social, environmental, and economic lines, the work must explicitly state that.

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Syahrir Fadli. Sustainability Reporting analysis of Triple Bottom Line Revelations in the Industrial Revolution 4.0 /7

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