

SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT IN THE MODERN ECONOMY
AS A PART OF THE TRIPLE BOTTOM LINE CONCEPT

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The author considers the Triple bottom line concept as an application for achieving sustainable development goals. The purpose of the concept is to measure the effectiveness of corporations in the process of creating a public product, taking into account 3 factors of sustainable development: people, profit, and planet.

World social and economic changes are taking place depending on the level of the innovation and industrial complex due to the transition to the VI technological way. The digitalization level is becoming an indicator of the country's economic development, as well as a factor in the effectiveness of policies to increasing the adding value for goods, works and services. At the same time, accelerated innovations are changing the way of production and consumption, which has profound consequences for the dynamics of productivity, jobs, trade, and investment. In order to that, international studies pay much attention to the concept of inclusiveness, in particular when developing strategies for social and economic growth at the macro, meso and micro levels. Corporations and simply small companies, while forming nominal indicators in their business plans and business strategies, take into account the three-factor of the business space, the usefulness of the business is calculated at the socio-natural and economic level within the profitability and gross income. Owners and shareholders consider three factors: profit-society-nature (ecology). The concept of 3Ps was coined in 1994 by John Elkington [1] to provide the modern business with a right solution in creating adding value to its products and services without affecting the environment and social component (fig. 1).



Figure 1. – Triple bottom line concept (The concept of 3Ps: people, planet, profit)

Source: [2]

The usefulness of the concept, in our opinion, is in its effective interconnected mechanism, where industrial enterprises, creating products, take care of the natural component and social factors (their employees and the external society). This is a sustainability structure that analyzes the social, environmental, and economic consequences of a company. When achieving the goals of sustainable development, a business is obliged to analyze its contribution from the perspective of influencing the well-being of people and the health of the planet. This is called corporate responsibility, so using this three-factor model we can manage not only added, but also destroyed value. This idea is already taken into account in the Dow Johnson Sustainability Indexes [3], affecting corporate accounting, stakeholder engagement, and business development strategies. Thus, modern companies, applying a three-factor model in the development of their business, strive to be not only the best in the world, but the best for the world.

Table 1. – Components' meaning in the Triple Bottom line concept by John Elkington

Concept's component	Component's principles
People	<ul style="list-style-type: none"> • the labor involved in a corporation's work, and the wider community where a corporation does business. • how much does a company benefit society – a triple bottom line company pays fair wages and takes steps to ensure humane working conditions at supplier factories. • make an effort to "give back" to the community (3M partners with United Way fund STEM education across the world – to provide a well-educated source of scientists and innovators for generations to come).
Planet	an organization tries to reduce its ecological footprint as much as possible. These efforts can include reducing waste, investing in renewable energy, managing natural resources more efficiently, and improving logistics (Apple has invested heavily in environmental sustainability. Its massive U.S. data centers are LEED certified. In 2016, the company announced that 93 percent of its energy comes from renewables. These actions have nudged other tech giants like Facebook and Google toward using more renewable energy sources to power facilities).
Profit	"profit" isn't diametrically opposed to "people" or "planet" (Swedish furniture giant IKEA reported sales of \$37.6 billion in 2016 – the company turned a profit by recycling waste into some of its best-selling products. Before, this waste had cost the company more than \$1 million per year).

Source: [2]

When creating products or services, human capital should receive not only appropriate material rewards in the form of monthly salaries and motivational parts, such as bonuses, but also have the opportunity to grow and develop within the organization. In the IT sector where the author works, several characteristics of a potential candidate when hiring are taken into account:

- experience (level of human professional capital);
- general skills for a particular position;
- results of professional implementation (profit created by an employee in past places, numerical indicators of project implementation and current motivation for changing an employer);
- additional skills that add value to the candidate in the labor market (knowledge of several foreign languages, several higher education diplomas, cross-platform knowledge in a service or product, management skills, training colleagues in a team, as well as the ability to negotiate and work with clients);
- level of emotional intelligence (ability to work in a team, rationally accept criticism, improve skills and develop in the direction of the growth of competencies of the company and managers).

For all of the above components in the current conditions of globalization and informatization of society, company owners and their HR specialists consider candidates from the perspective of a long-term working relationship – how long the candidate is ready to work in the proposed position, what kind of motivation the candidate sees in the future for 5-10 years. All this is important to consider in order to avoid the employee reaching his career plateau, in other words, emotional burnout, in the workplace. Therefore, directors and managers, when creating teams in business, form their own value systems, where the focus is not on making a profit, but on mutual understanding in the team and meeting the needs of employees. In simple words, if an employee is inside the company and he is satisfied with the team, compensation for work, as well as the availability of bonuses for himself and his family, this employee will be able to bring big profits to the company and contribute to its development. The value system of the base company may look like this:

- team building (corporate training, travel or joint trips on vacation);
- creating a clear motivation system for excellent work results (in tangible and intangible terms);
- offering social and medical insurance to the employee and his family;
- organization of work through the optimization of working time – four-day working weeks, six-hour working day, long lunch breaks, flexibility of the working schedule, etc.

The above criteria help to take into account the social factor of business development, and at the same time, we must analyze the participation of production in creating natural influence, especially in the field of processing, that is, how the company assesses its corporate responsibility, and how much it uses "green innovation" in creating production chains.

Economics

A recent UN Global Compact [4] study suggests that improving environmental performance throughout the supply chain can enhance processes, reduce costs, increase productivity, and improve societal outcomes. Consequently, green innovation has become essential for business firms. Green innovations refer to a set of active innovations that help firms minimize the negative impact of business activities on the environment and in the process, achieve sustainable objectives. Green innovations refer to managerial innovations, processes, services, and organizational structures that save energy, prevent pollution, enable waste recycling, and facilitate environmental management.

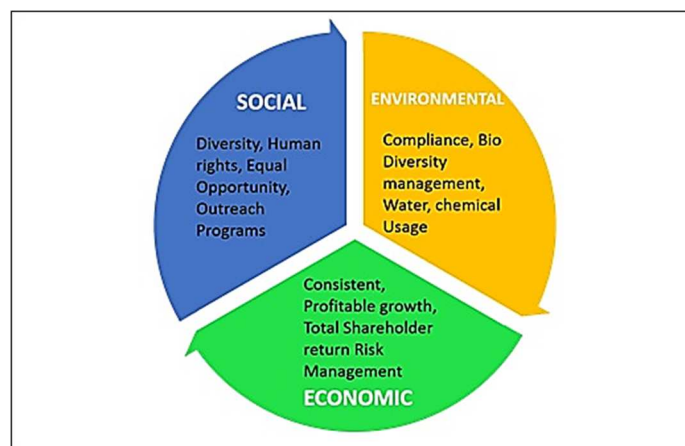


Figure 2. – Components' metrics in the triple bottom line concept

Source: [5]

Regarding the concept, China's experience has its impact on the international evaluation of the 3Ps concept's influence. Rapid economic growth in newly industrialized countries is achieved at a high cost of degradation of both human habitat and the environment. Currently, the expansion of motorization in emerging economies is at a pivotal time because of increased transport volumes. As of 2016, transportation accounted for roughly 29% of the world's energy demand and 65% of the total liquid fuel consumption. Not surprisingly, the transport sector was responsible for 25% of total energy-related CO₂ emissions in 2016, around 8 GtCO₂, which is 71% more than in 1990 and not comparable to any other energy end-use sector. With 623.3 million metric tons of CO₂ emission in 2011, China was the second biggest transport-related CO₂ emitter in the world, right behind the US. China's energy use per capita related to transport doubled from 2001 to 2011, while CO₂ emissions from transportation increased by 58.4%. Related expansion of transport infrastructure and vehicle stock completes the picture and points out the social considerations related to traffic accidents, health issues, and noise pollution [6]. We can note a significant improvement in the economic situation in the analyzed regions. From 25% to 75% percent of improvements affected the state of socio-economic development, as well as the position of business in cities, which leads to increased investment attractiveness of the territories.

To improve and modernize the model we propose using the time component as well for the qualitative influence of business activity monitoring on all 3 indicators of an inclusive economic strategy. In our opinion, the four-level model of inclusive development like society-profit-nature (ecology) -time allows make long-term planning of business steps, as well as efficiently calculating the margin (adding value) of goods, works, and services of a company or entire corporations. The time component helps to reach sustainability in the long-term perspective of business. Svensson and Wagner [7, 8] present a broad definition of business sustainability. The definition aims to limit the short-sightedness of undertakings by defining the concept. Business sustainability was defined as: "...an organisation's efforts to manage its impact on Earth's life and eco-systems and its whole business network..." According to Padin and Svensson [9], this definition includes reference to the social, environmental and economic elements of business sustainability in both the marketplace and society at large taking into account the time component either. Social sustainability considers community development, public participation, user comfort, health and safety, access to services, equity and diversity. The concept of Triple bottom line offers clear and better developed strategies and action plans for the construction industry and, therefore, can make a significant contribution to a sustainable future. The principles of the study are practical and consistent with the overall sustainability goals in the socio and economic sector.

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