

**Just Do It!**  
**Triple Bottom Line (TBL) Reporting at Monash University**

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## Just Do It! Triple Bottom Line (TBL) Reporting at Monash University

### Abstract:

Triple bottom line (TBL), or sustainability, reporting provides a framework for an organisation to report on its social and environmental performance, as well as its financial outcomes. The process of preparing a TBL report has the potential to be a catalyst for positive organisational change: it engages stakeholders, provides a forum for discussing the issues surrounding sustainability, increases the profile of environmental and social initiatives within an organisation, and assesses where performance may be lacking in these key areas. We demonstrate how TBL reporting can be used as a catalyst for organisational change, drawing on the experience at Monash University, Australia. The approaches to the reporting process are described, including the important issues of forming strategic alliances, engaging staff and determining the report's scope. The outcomes of Monash's first TBL report are also evaluated.

### INTRODUCTION

Triple bottom line (TBL), or sustainability, reporting provides a framework for an organisation to report on its social and environmental performance, as well as its financial outcomes (Elkington, 1997). TBL reporting requires organisations to consider not only their environmental and social impacts, but also to be publicly accountable in terms of these impacts (Elkington, 1997). Organisations are embracing sustainability reporting due to growing community and internal stakeholder pressure, environmental regulation, media exposure, concerns over resource use, the potential for financial gain, enhanced reputation, and because they want to be seen as 'green' leaders (Weiss, 1994; Eden, 1996). TBL reporting is also about improving relationships with internal and external stakeholders and preparing for future challenges and opportunities (Elkington, 1997).

The process of preparing a TBL report has the potential to be a catalyst for positive organisational change. It is a dynamic process, promoting new strategic and operational initiatives, as well as providing a record of past performance. The reporting process engages stakeholders, particularly internal stakeholders, and it can provide a forum for discussing the issues surrounding sustainability. It increases the profile of environmental and social initiatives within an organisation and assesses where performance may be lacking in these key areas.

This paper demonstrates how TBL reporting can be used as a catalyst for organisational change and how this has occurred at Monash University, Australia. It presents Monash's approaches to the reporting process and specifically addresses the important issues of forming strategic alliances, engaging staff and determining the report's scope. The outcomes of Monash's first TBL report are also evaluated, including what worked and what didn't, the responses of staff, the engagement of stakeholders and how the reporting process is being imbedded in the operational and strategic plans of the University.

The introduction of TBL reporting at Monash in 2002 is indicative of the growing interest in, and increased profile of, our environmental and social performance. This has also resulted in greater support for the underlying principles of TBL reporting, notably from those who can significantly influence strategy and operational practices. More generally, the University's support for producing a TBL reflects the increasing interest in sustainability reporting in Australia (Gray *et al.*, 1996).

## Adding Value and Promoting Change

Positive change, as an outcome of TBL reporting, has occurred in various ways at Monash. It has been achieved by adding value to existing reporting processes and initiating the inclusion of sustainability criteria into strategic plans. Below are some examples of how the process of preparing a TBL report have led to greater transparency of reporting, a heightened staff awareness of sustainability concepts, and an increase in the University's commitment to sustainability initiatives.

### *RAISING AWARENESS*

The process of contacting staff and students to collect information for the TBL report involved defining sustainability and providing an overview of what TBL reporting involves. Mass communication was attempted via an internal email and an article in the University's weekly newsletter. However, most staff consulted in the course of the project had either not seen or read these communications. The upside of this was that it provided the opportunity to explain the concepts of sustainability and TBL reporting in detail when meeting with staff face-to-face. Contacting staff was undertaken using a 'top down' approach: the support of senior managers was received prior to contacting their staff for information. After TBL had been explained, the information flow was two-way. Most people also offered an opinion on what they thought of the University being involved with TBL reporting. Some expressed concern the report would be a public relations exercise and questioned its objectivity; others were genuinely pleased that Monash was participating in TBL reporting and were reassured by the knowledge that the report would be presented to the University's Council.

### *INCREASED TRANSPARENCY OF REPORTING*

The Monash TBL report has added value to existing information collection and reporting procedures by providing an organisation-wide, publicly accessible vehicle for reporting social and environmental performance. For example, social indicators, such as staff training statistics, are often collected by the various departments providing in-house training and used by them as annual performance measures. These have been collated for the 2003 report and the average in-house training hours per employee will be calculated. This will provide new summary statistics for the institution that will be available to senior staff for strategic planning purposes and to all interested staff and stakeholders. There has been uniform interest from staff when information that relates to their employment conditions is presented. This has further enhanced exposure to the TBL reporting principles. Specific information of general interest at Monash included: average period of retention for staff; employment levels by gender, campus location and employment type; land use at campuses and electricity use on campus by type.

A TBL report provides a forum to collate and acknowledge the environmental and social initiatives of an organisation in one place (Elkington, 1997). The responsibility for environmental initiatives on campus is often spread across different departments and committees and is usually reported accordingly. With TBL reporting in place, initiatives that reduce the negative impacts of waste, water, energy, transport, grounds maintenance, fund investment and purchasing can all be reported, monitored and accessed in one place. An added benefit was that some of the initiatives included in the report would not have otherwise been considered as being the result of 'green' initiatives. Some of these had always been part

of 'business as usual', such as a preference for planting native vegetation. Inclusion of such practices has drawn attention to policies and actions with a positive environmental impact and highlights, to readers, that deviations from these practices could have a negative impact on the environment.

### ADDITIONAL INITIATIVES

One outcome of producing the initial TBL report is that it provides a starting place for future reporting. Staff have commented on omissions from the first report and have suggested data and initiatives that should be included in future reports. Some of these might otherwise go unreported, particularly ones related to joint initiatives between students and non-academic departments; for example, information on the enhancement of the biodiversity of the campus. Other absences also become apparent, such as the comparisons between campuses regarding the amount of information available on energy use. At Monash, plans have been put into place by the Facilities and Services Division to counteract this data deficiency. This, in turn, gives stakeholders and decision makers access to more information on which to base further environmental initiatives. For example, other campuses have now been asked to report on resource use (i.e., electricity, gas and water). This has had the flow-on effect of increasing the pace at which these campuses will be prepared to join government environmental initiatives such as the Australian Greenhouse Office's (AGO) 'Greenhouse Challenge'<sup>1</sup>.

TBL reporting has provided a public checklist for environmental initiatives. The 2001 Monash TBL report not only included current programs, it also identified gaps, thereby highlighting the need for initiatives to address them. The outcome of this has been twofold:

1. Some of these gaps had already been recognised by the University and plans exist to address them in the future, such as a review of public transport access to campus. These plans were noted in the report and our success or failure to implement these initiatives must now be noted in future reports. The report has therefore created a public benchmark for our social and environmental performance.
2. By using the TBL report to comment on performance areas that had not yet been considered, we were publicly raising some issues for the first time, thus entering them into the arena of consideration and, potentially, action. For example, we have no policy at Monash to encourage ethical or socially responsible investment (SRI) (see: Elkington *et al.*, 1992) of University funds, nor do we have any monies invested in them. This fact is now publicly reported.

## The Reporting Process

The Monash approach to TBL reporting is a staged approach and this has affected our scope, engagement process, indicators, content and format. Producing the initial TBL report has provided a valuable lesson of what will and will not work, and it has highlighted some reporting issues specific to educational institutions. These issues are addressed more fully below.

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<sup>1</sup> The Greenhouse Challenge is a voluntary programme through which organisations identify greenhouse gas reduction targets and then monitor and report on these to the Australian Greenhouse Office. For further information see <http://www.greenhouse.gov.au/challenge/index.html>

### STRATEGIC ENGAGEMENT

Engagement of staff and students is essential in preparing a TBL report, as it is when implementing any strategic initiative (Welford, 1995). Support at the executive level is required to champion the project, allocate the resources, foster strategic alliances and to guide and oversee the completion of the report. It is also important to foster relationships at other levels for data collection purposes.

In a university, the ultimate authority for signing off on the report should be the Council or Vice-Chancellor. However, there should also be a senior staff member directly responsible for report production and funding. This person may also be champion of the project, although this is not essential. The project champion, or sponsor, will have influence over senior staff (Ivancevich and Matteson, 1987) and their authority can be used to gain access to staff, and thereby information (Welford, 1995). At Monash the ultimate 'champions' were the Chancellor and Vice-Chancellor. There was also a member of the senior executive staff (the Deputy Vice-Chancellor – Resources) who was responsible for overseeing the execution of the report. There can be no doubt that the genuine support at these highest levels contributed to the success of the initiative at Monash.

To promote the TBL report as a University-wide initiative all directors, deans and executive staff needed to be aware of the University's commitment to reporting, and what was being requested of them and their staff. One-on-one meetings were held to inform them about TBL, to seek their input regarding environmental and social initiatives specific to their area, and to elicit information on who to contact for detailed information. This contact provided the direct links for much of the detailed information collection.

Another essential step in the engagement process is forming relationships with the staff that provide information for the report. Some of these people may be heavily involved in environmental and social initiatives, but most will not. It is therefore important to be clear about how the information will be used and to address concerns about confidentiality. Staff are also more likely to be able to comment authoritatively on whether or not existing policies are enforced and implemented.

### REPORT SCOPE

The reasons for producing a TBL report will influence the scope of the project and any organisation needs to determine what their goals are. For example, Eden (1996, p.83) states:

*"[R]eporting is often selective and the pattern varies. A few companies have produced full statements of their environmental performance across all sites and processes; others have completed environmental audits of varying intensities and published some results."*

Investing in a comprehensive reporting process might initially be of concern in not-for-profit educational institutions. A gradual and staged approach may be more appropriate when resource allocation, staff engagement and data availability are taken into account, and when the overall benefits need to be identified and assessed. At Monash, a key consideration was to ensure a balance of commitment with operational and resource issues. In line with the decision that the first TBL report would be a pilot project, only two of the six Australian campuses were included.

The scope of the report may be predetermined if using external reporting guidelines such as those developed by the Global Reporting Initiative (GRI). These provide a useful reference

point for those without experience in sustainability reporting. External reporting guidelines also provide the opportunity for benchmarking, using an internationally accepted reporting framework.

A report intended primarily for internal stakeholders can be produced with fewer resources and with a strong focus on the internal implications of the organisation's social and environmental impact. It also provides an opportunity to acknowledge the successful initiatives, awards and outcomes as well as drawing the organisation's attention to issues that require more effort. This was one of the objectives of Monash's TBL report. When the report was presented to senior management, it was accompanied by another document listing recommendations based on the findings. This opportunity to influence decision-making might be compromised if the TBL report is prepared primarily for public dissemination.

Whether developing an independent framework or using established guidelines, inclusion of information is dependent on what is available. Access to information may be limited by confidentiality laws, data collection processes and priorities, knowing the information exists and where to find it, and the resources available for collation. Information that is not addressed in detail by external reporting guidelines, but which is readily available and of interest to internal stakeholders, is worth including, as a way of acknowledging the good work that is already taking place.

A key question raised when Monash was preparing the first TBL report was 'what is the core business of a university and how should this be represented in the report?' Welford (1995, p 115) includes defining core business as one of the necessary processes of cultural change in organisations moving toward sustainability, including the consideration of:

*"...whether the products or services of the industry are fundamentally destructive to the world's stock of non-renewable resources, or result in significant pollution and contamination."*

The core activities of a university are education and research and, unlike private-sector firms, the 'outputs' of these activities are not amenable to measurement using single-metric measures like profit. In the broadest sense, core business – education and research - contribute to social capital. More specifically, they are measured in relation to a wide range of indicators, such as entry scores, graduate outcomes, research grants and publications. For the Monash TBL report, 'core business' was defined as teaching and research. Sustainability performance in regard to these core activities is reported using quality measures and sustainability concepts in teaching and research, as well as a listing of relevant research centres, units and courses. Accordingly, the Monash 2001 TBL Report has three main sections (1) Core Business: Teaching and Research, (2) Environmental Performance and (3) Social Performance.

## Outcomes

### *STAFF RESPONSES*

Instigating TBL reporting involves introducing new processes and new accountabilities. Traditionally, most information relating to internal social and environmental performance has only been reported internally, and usually only at departmental or committee level. At the outset, most Monash staff were unfamiliar with the concept of TBL reporting and, naturally, some expressed uncertainty about disclosing information. These concerns were based on issues of disclosure, privacy, the potential for adverse publicity, data quality and potential

liability issues. As no legislative requirements exist that determine the content of TBL reports, a relationship of understanding and trust must be established. Staff were reassured when their manager was contacted for permission to provide the information, or when they knew that the report would be checked for any potentially contentious issues by senior staff. Access to information was more challenging in the social arena than in the environmental because, in a service based industry, there is more potential for legal ramifications arising from privacy laws in regard to staff-related information.

Following the release of the 2001 TBL report, Monash committed to a second report that will evaluate performance for 2003. This means that the next TBL report will be prepared in time for inclusion in the University's Annual Report to Parliament. This has further assured staff of Monash's commitment to TBL reporting and has cleared the way for engaging further with departments about standardising and mainstreaming the annual reporting of TBL-related data.

### *ENGAGING STAKEHOLDERS*

The Monash approach to TBL reporting is a staged progression and the allocation of resources has reflected this. In the first year, resources were allocated to reporting on the performance of two Australian campuses and developing a framework for future applications. In 2003 the focus is on including all Australian campuses, embedding the reporting structure and adding sustainability performance indicators to the reports to University Council. This is significant and rapid progress, but the next report will still not constitute full integration of all the aspects of TBL reporting. In particular, one of the lessons learnt during the stakeholder engagement in 2001 was that we need a more formal, inclusive and representative approach to the stakeholder process, and this will take time to develop fully.

The engagement focus in 2001 involved contacting groups that represented stakeholders and asking them to comment on their relationship with Monash and the proposed report content. To establish broad categories of stakeholders the World Business Council of Sustainable Development (WBCSD) definition was used. Drawing from WBCSD (Watts and Holme, 1999, p21), but adapted for Monash, stakeholders were defined as those who can legitimately claim their ownership/right/interest can affect, or is affected by, the activities of Monash University. The list of potential stakeholders was then narrowed to include the following groups: staff union, student associations, local, state and federal government members, major suppliers and non-unionised staff.

The general response from non-government external stakeholders was that they were not familiar with TBL reporting or sustainability principles. However, most enjoyed the opportunity to provide some feedback and discuss their relationship with Monash.

All internal stakeholder groups provided suggestions as to what indicators should be included in the report and several of these were incorporated, where information was accessible. Internal stakeholders were more likely to focus on the negative aspects of their relationship with the University than external stakeholders.

### *IMBEDDING TBL REPORTING AT AN OPERATIONAL LEVEL*

Resources and high-level support to imbed the TBL process in annual operational reporting has occurred with the University's commitment to a second report. Initially, resources were allocated to investigating University processes, refining the scope of the report, engaging and

educating stakeholders and report preparation. Incorporating the 2003 TBL report with the Annual Report to Parliament has resulted in a more formalised approach to departmental reporting as Monash has taken the position that TBL reporting should be included in operational reporting and is working toward this goal.

#### *IMBEDDING TBL PRINCIPLES AT A STRATEGIC LEVEL*

To engage seriously with the sustainability agenda, there is a need for a shift of organisational culture to one where the consideration of environmental and social consequences is second nature in decisions (Eden, 1996) and it is important to work with senior staff towards introducing this culture (Welford, 1995). To change any organisational culture is a substantial undertaking (Moorhead and Griffin, 1998) and to begin this process at Monash senior staff in departments, divisions and faculties are being asked to consider how they can build TBL principles into strategic and operational planning.

This requires a long-term commitment (Robbins and Barnwell, 1994). It is far more than just reporting what Monash does - it is about a fundamental change to the way Monash approaches business, from commissioning a building to purchasing a desk.

## Conclusion

The process of compiling a TBL report promotes internal change: distributing and publicising the report educates both internal and external stakeholders. However, it is unclear what level of environmental and social improvement results from readership by those not engaged in the report preparation. The tangible changes in an organisation occur when asking the right questions of the right people and introducing them to the concept of sustainability, thus drawing their attention to another decision making paradigm.

To effectively create internal change and add value to an organisation, the TBL report itself need not be expensive. A gradual and staged approach may be appropriate, particularly when considering work commitments of staff, resources and data availability. However, the approach taken depends on the reasons for producing a TBL report. A positive impact can be made simply by raising awareness of sustainability issues internally by engaging staff, stating progress to-date, and through highlighting where performance improvements are needed. In that sense, simply making a start can be a constructive and important step towards improved sustainability.

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