

## **Triple bottom line reporting and its impact on financial performance of banks in India**

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**Abstract:** *Information requirements of diverse range of stakeholders has lead to dramatic shift in reporting practices from traditional financial reporting framework to encompass financial, environmental and social dimensions in performance measurement by adopting 'Triple Bottom Line' approach. Triple bottom line (TBL) endeavors at moving beyond conventional performance measurement systems based on profits to integrate environmental and social parameters to measure corporate performance. Considering the paramount role financial institutions play in an economy, banking sector must account for environmental and social impacts of their activities through triple bottom line approach. In this context, this paper attempts to identify triple bottom line reporting practices on a sample of 83 banks operating in India through content analysis. Further, Mann Whitney U test was conducted to analyze impact of triple bottom line reporting on financial performance of banks. Research provides an insight to banking sector on financial indicators that can lead to enhanced financial performance by adopting triple bottom line and drive towards sustainability.*

**Keywords:** Financial performance; performance measurement; triple bottom line; banking; financial reporting.

### **Introduction**

Sustainable development is a common agenda for global concern. According to the Brundtland's Report (1987), Sustainable Development is, 'To meet the needs of present without compromising the ability of future generations to meet their own needs'. It advocates the idea of 'Sustainable Growth'. Strong and ethical foundation is a prerequisite for long-term sustainable business growth (HDFC Life, 2018). This entails the business to consider impacts of wide range of sustainability issues, be more transparent about risks and opportunities to be faced (Global Reporting Initiative, 2018) and take into account social and environmental factors as well as the economic ones (Sharma, 2009). Need is to integrate 'Triple Bottom Line Reporting' into business strategy. Triple Bottom Line Reporting is synonymous with 'Sustainability Reporting', combines the analysis of financial and non-financial performance (Global Reporting Initiative, 2018). Triple Bottom Line coined by John Elkington (1998), is an accounting structure that takes into consideration social and environmental parameters besides incorporating only financial or economic dimension in reporting organizational performance. Dutta et al. (2011) claims that triple bottom line reflects an inclusive mechanism that assimilates conventional financial

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