

# Integrated Reporting as a Strategic Tool for Advancing Sustainability: A Conceptual Examination of the Triple Bottom Line Approach in Private Limited Companies

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## Abstract

Integrated Reporting (IR) has emerged as an evolutionary framework that excels traditional financial disclosure by infusing ESG environmental, social, and governance dimensions into corporate communication. This study examines the adoption of Integrated Reporting practices and their effect on corporate sustainability, with particular emphasis on the Triple Bottom Line approach, which assesses performance across economic, social, and environmental pillars. The research critically examines how IR enhances transparency, accountability, and stakeholders' engagement, thereby enabling organisations to align profitability with sustainable development goals. By bringing together different theories, the study shows how IR fosters a link between short-term financial results and long-term value creation for the company. It also explores the challenges companies face when adopting IR, such as meeting regulations, integrating data, and shifting cultural norms within governance structures. The evaluation suggests that IR strengthens corporate reputation and boosts investor confidence. It also encourages sustainable innovation and resilience in a competitive global market. In the end, the study highlights the importance of IR as a driver for incorporating sustainability into business models, reinforcing the TBL framework as a complete measure of organizational success.

**Keywords:** Integrated Reporting; ESG framework; Sustainability Practice; Corporate; Triple Bottom Line.

## Introduction

"A business that makes nothing but money is a poor business." — Henry Ford. For a long time, business meant doing tasks on the motive of earning higher than the amount invested in it. In other words, businessmen considered business as the means of earning profit alone. But over the passage of time, the concept of business underwent a series of evolution. What is the use of earning profit, without satisfying the customers and helping the society? Without developing the source of income, how come businesses earn higher income? While exploring more on it, businessmen understood that the real source of income was the people and the society they lived in. In other words, it means people and planet. That was when the concept of triple bottom line approach was introduced – PROFIT, PEOPLE, and PLANET.

The triple bottom line approach enabled businessmen to earn income not by exploiting people and the planet, but by helping them. This links it with sustainable development – development in the present without affecting the future. This link between triple bottom line and sustainability paved way for integrated reporting practices i.e. reporting not only for the profit earned by the business but also on its impact on the people and the society.

## Review of Literature

**Elkington (1997)**, who introduced the Triple Bottom Line concept, argues that corporate sustainability must be measured across three dimensions—economic, environmental, and social performance. This framework laid the foundation for integrated reporting, as IR explicitly requires organizations to disclose performance across all three sustainability pillars.

**Eccles and Krzus (2010)** explain that Integrated Reporting is a comprehensive reporting framework that combines financial and non-financial information to reflect an organization's overall performance and long-term value creation. Their study emphasizes that IR promotes integrated thinking, enabling companies to align strategy, governance, and sustainability objectives, thereby strengthening the triple bottom line approach.

**The International Integrated Reporting Council (IIRC, 2013)** states that Integrated Reporting enhances transparency and accountability by linking financial capital with manufactured, human, social, intellectual, and natural capital. The framework supports sustainable decision-making and is particularly beneficial for private companies seeking long-term value rather than short-term profits.

**de Villiers, Rinaldi, and Unerman (2014)** highlight that integrated reporting encourages organizations to move beyond traditional financial reporting and incorporate sustainability considerations into strategic planning. Their study finds that IR adoption improves stakeholder communication and reinforces corporate commitment to social and environmental responsibility.

**Frias-Aceituno, Rodríguez-Ariza, and García-Sánchez (2014)** find that integrated reporting positively influences corporate transparency and long-term orientation. Their study concludes that firms adopting IR practices are more likely to improve sustainability performance by balancing economic growth with social and environmental responsibilities.

**Adams (2015)** emphasizes that integrated reporting supports sustainability by fostering integrated thinking within organizations. The

study argues that IR helps firms embed environmental and social considerations into business models, leading to improved triple bottom line performance and enhanced corporate resilience.

**Ioannou and Serafeim (2015)** demonstrate that sustainability-oriented reporting frameworks, including integrated reporting, positively impact corporate performance and stakeholder trust. Their findings indicate that organizations integrating ESG and TBL metrics into reporting achieve better long-term financial and non-financial outcomes.

**Haller, Link, and Groß (2017)** observe that sustainability reporting and integrated reporting frameworks improve corporate accountability and governance quality. Their research suggests that companies adopting IR are better positioned to manage sustainability risks and opportunities, which is especially relevant for private limited companies operating in competitive environments.

**Dumay, Bernardi, Guthrie, and La Torre (2017)** identify gaps in integrated reporting research, particularly in the context of non-listed and private companies. They argue that further conceptual studies are needed to understand how integrated reporting can be tailored to private limited companies to enhance sustainability and value creation through the triple bottom line.

**Stubbs and Higgins (2018)** examine the internal processes of integrated reporting and note that IR drives organizational change toward sustainability-oriented decision-making. The study highlights that IR enhances cross-functional collaboration, helping firms better manage triple bottom line outcomes.

## Objectives

1. To conceptually examine the role of Integrated Reporting in enhancing corporate sustainability based on the Triple Bottom Line framework (economic, environmental, and social performance).
2. To analyze how Integrated Reporting practices support long-term value creation and sustainability initiatives in private limited companies.

### Limitations

1. **Regulatory and Data Hurdles:** Companies face significant challenges in meeting complex regulations and integrating diverse data sets into a single report.
2. **Cultural Shifts:** There are difficulties in shifting traditional cultural norms within governance structures to adopt "integrated thinking".
3. **Research Gap in Private Sector:** Existing research on IR has a notable gap regarding non-listed and private companies, as most frameworks are designed for public entities.

### Research Methodology

Data Collection: Secondary Data

### Triple Bottom Line Approach and Its Impact on Private Ltd Companies:

#### A) Meaning:

As discussed earlier, triple bottom line is a sustainability framework that measures a company's success on three distinct lines – profit, people and planet. The term was coined by John Elkington in the year 1994 in contrast to traditional approach of business that works on only one line – profit. It creates chain of interdependence on the three lines in such a way that, if one among them falls, the business collapses.

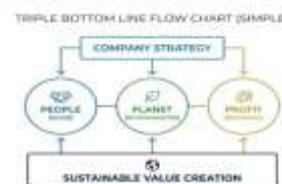
- i. Profit: It refers to the excess of earnings over spendings.
- ii. People: It refers to the members of the society.
- iii. Planet: It refers to the environment as a whole in which the people, society and the business itself functions.

#### B) How it helps Pvt ltd companies:

The triple bottom lines help companies in the following ways:

- i. Helps the companies to reduce wastages in the raw materials and in the usage of resources. It in turn reduces cost.
- ii. Assists in the optimum utilisation of the resources both human and material.
- iii. Helps in promoting sustainable development which in turn helps in environmental protection.
- iv. Triple bottom line approach considers people as a source of income, rather than treating them as mere customers. This helps the company to prioritise people's needs and develop customer friendly products.

- v. The approach also treats employees as the asset of the company and helps them in their development.
- vi. At the end, triple bottom line approach generates goodwill and public support for the company which will again boosts the profit.



#### C) Case Study– Phool Pvt Ltd

Phool Ltd is a private company that manufactures incense sticks. It is an Indian biomaterial startup cofounded by Ankit Agarwal and Prateek Kumar in the year 2017. It acts as an example of how Pvt Ltd Companies uses triple bottom line approach successfully.

- i) Profit: The company earns profit by selling high quality incense sticks for religious purposes.
- ii) People: The company employees more than 300 marginalised woman and others from economically weaker section of the society, thus enabling their economic and social development.
- iii) Planet: The company collects used garlands and flowers from various temples and other religious places across Kanpur. The flowers so collected is used as the raw materials for the incense sticks. This replaces traditional disposal of flowers used in religious purposes into rivers and thus preventing water pollution.

#### Integrated Reporting

Integrated reporting refers to a reporting approach in corporate firms that combines financial reporting with non-financial factors that affects or have an impact on the performance of the firm. It enables the firm not only to measure the profit earned but also helps them to analyse its impact on the people who are dependent on them and the society in which the company functions. In other words, it is reporting methods that connects all the three lines – profit, people and planet.

#### How Integrated Reporting Helps Companies Improve Their Sustainability Based On The Triple Bottom Line:

- i) Integrated reporting mandates company to concentrate not only on the profit, but also on the impact created by the company on the people and the planet. In this way, the company gives equal importance to all three factors and paves way for sustainability.
- ii) It gives management the idea to transform its natural capitals like water and minerals to outcomes like financial capital and social capital. In other words, it helps in the usage of resources for the betterment of the people and the environment they live in.
- iii) It acts as the basis for ESG framework of the company which covers areas like carbon footprint (E), labour practices (S) and board diversity (G). Currently more companies are transforming into carbon neutral firms. This adds value to the various sustainability practices undertaken.
- iv) It improves transparency of the company and boosts the public confidence, thus increasing its value over a period of time. It also enables the government to ensure that whether the company follows CSR activities mandated by the firm.
- v) Integrated reporting is that one framework that connects financial reporting, triple bottom lines, sustainability practices, Corporate Social Responsibility activities and ESG framework under one reporting practice.

### Findings

#### Findings on Integrated Reporting (IR) and Sustainability (Obj 1)

**Holistic Disclosure:** IR transcends traditional financial reporting by integrating ESG (Environmental, Social, and Governance) dimensions into corporate communication.

**Alignment with Global Goals:** The framework enables companies to align their profitability with sustainable development goals (SDGs).

**Resource Transformation:** It provides a roadmap for management to transform natural capitals (such as water and minerals) into financial and social capital.

#### Findings on Impact for Private Limited Companies (Obj 2)

**Long-Term Value Creation:** IR promotes "integrated thinking," which helps private

firms focus on long-term value rather than just short-term profits.

**Operational Efficiency:** Implementing these practices helps private companies reduce waste in raw materials and resource usage, which in turn reduces costs.

**Reputational Boost:** Adopting IR strengthens corporate reputation and builds investor and public confidence.

### Conclusion

Integrated Reporting represents a critical evolution in corporate transparency, moving business motives from pure profit to a balanced focus on **Profit, People, and Planet**. By adopting the IR framework, private limited companies can bridge the gap between short-term financial results and long-term value creation. The study concludes that IR is not just a reporting tool but a driver for incorporating sustainability into the core business model, ensuring that companies develop in the present without compromising the needs of the future.

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