Triple Bottom Line Reporting by Indigenous and Non-Indigenous Businesses

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Vision

- The vision is for businesses to operate within a Sustainable Development framework.

Objective

- The objective is to propose strategies for achieving continuous improvements in TBLR by modifying non-indigenous and indigenous business practices.

Methodology

- This presupposes three things:
  - That there are fundamental differences between indigenous and non-indigenous business enterprises.
  - That because of these fundamental differences indigenous and non-indigenous business enterprises have differing strengths and weaknesses.
  - That there are significant experiences of indigenous and non-indigenous businesses with reference to TBLR that each can benefit from learning from the other.

Significance of TBLR in Sustainable Development

- TBLR represents a modern day version of a framework that involves the three dimensions in which business are held accountable.

Stylised version of Today’s Situation in TBLR context

- Indigenous Businesses have strength in the context of the environment and culture, but fall short in the area financial reporting.
- Non indigenous businesses do well in the area of financial reporting but are deficient in cultural and environmental contexts.

Reasons underlying stylised versions

- Managerial philosophy
- Managerial Practices
- Leadership styles
- Decision-making structures

Managerial Philosophy

- Non-Indigenous
  - Experiment and examine alternative forms of fit
  - Search for “best fit”
  - External fit is important
- Indigenous
  - Exercise Precautionary principle
  - Engage in risk economic aspects only

Managerial Practices

- Non-indigenous
  - Emphasis on negotiating rules
- Indigenous
  - Emphasis on negotiating knowledge

Leadership Styles

- Non-Indigenous
  - Leading people with vision and motivation
- Indigenous
  - Emphasise tasks to be performed rather than people

Decision - making structures

- Decisions are taken vs. decisions are made
- Taking decisions means:
  - Preparing and implementing a business plan. Example, using the template of business plan.
- Making decisions means:
  - Discussing the underlying conditions for getting involved in business activities using the cultural framework as the base. Example, taking part in the labour market. Coombs1994, p.78

Commonality of emerging themes shaping business behaviours

- Money
- Time
- Risk

Money

- Money is “what money does?”
- Money in the mainstream is used
  - For Transactions
  - As a precautionary measure
  - For Speculative purposes
- Indigenous people mostly use money for transactions only as a medium of exchange.
- Significance of Time sequence underlays the differences in approach to what money does.

Time- Mainstream

- “Time has become a major competitive weapon in today’s competition. Being able to respond rapidly and reliably to a customer’s request is often the critical skill for obtaining and retaining valuable customers’ business.” Robert S. Kaplan and David P. Norton,1996, The Balance Score Card, Boston: Massachusetts, Harvard Business School Press, p. 86

Time – Mainstream continued

- It takes time to produce a product. “A typical product development process…could have two years of product development followed by five years of sales. So the first success indicator of a product’s development process may not appear for three years (the first year after the initial year of sales).” Kaplan & Norton, 1996, p.100

Time - Indigenous

- Linear time is not critical factor in business.
- Paying back on time is not an issue of concern. Many financial defaults are a result of this way of thinking.

Risk -Mainstream

- "In general, risk management is an overlay, an additional objective that should complement whatever expected return strategy the business unit has chosen" (Kaplan & Norton, 1996, p. 51)
- "They incorporate explicit risk management objectives into their financial perspective" (Kaplan & Norton, 1996, p.60)

Risk - Indigenous

- Synonymous with business decision.
- It does not sit as an additional objective. It is the objective on which decisions are made.
- Risk taking behaviour, risk neutral and risk avoidance are all hallmarks of indigenous businesses. Most indigenous businesses will avoid taking a social, cultural and environmental risk, but have no difficulty in taking a financial risk (there is nothing to loose).

Recommendations for Businesses to achieve continuous improvement for TBLR

- For Indigenous Businesses.
  - Value Finance as an Environment and search for appropriate social and cultural rituals that can be applied to financial aspects of the business by recognising obligations and responsibilities in using finances.
- For Non-indigenous Businesses.
  - Value social, cultural and environmental factors and processes and appropriate financial rules to capital of nature, society and culture.