

Session 7 – Innovation and Management I

Chair: **Márcia Monteiro**

The key to sustainable economic development: a triple bottom line approach

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Abstract

Purpose: The Triple Bottom Line (TBL) construct, outlined by Elkington in 1996, assumes that value creation results from three dimensions, social, environmental, and economic, which must be accounted for (Elkington, 2006; Solaimani & Sedighi, 2020). It has at its core the support and management of activities that privilege development (Ranjbari et al., 2021). And gained traction at all levels of government and in business (Lederwasch & Mukheibir, 2013). Economic development (ED) is created by the process of creative destruction (Schumpeter, 1934) and translates into an organic system of successive qualitative changes (Schumpeter, 1947). It is responsible for sustainable development, at the country level, in the long term (Porter, 2000). It is also at the level of the countries that there is an obligation of harmony in the management of resources, be they social, environmental, or economic (Ahmad et al., 2018; Manzhynski et al., 2015). These are concepts that share particularities in their very nature. However, despite recognizing the importance of TBL in ED, it has been given little attention in this scientific field (Hammer & Pivo, 2017). To fill this gap, this study seeks to analyze the impact of TBL on ED, in the time frame from 2006 to 2019, in the 38 countries of the Organisation for Economic Cooperation and Development (OECD).

Methodology: Starting from the main objective of analyzing the influence of TBL on countries' ED, we consider for our sample the 38 OECD countries and the period from 2006 to 2019. HDI data were collected from the United Nations Development Programme (United Nations Development Programme, 2022) and SSI from the Technische Hochschule Köln (Technische Hochschule Köln, 2022). HDI was used as a proxy for ED and is the dependent variable as used by authors Hussain and Dey (2021) and Zelenkov and Lashkevich (2020). The three dimensions (human well-being, environmental well-being, and economic well-being) and the seven categories (basic needs, personal development & health, well-balanced society, natural resources, climate & energy, transition, and economy) of the SSI represent the TBL and are the independent variables. The hypotheses formulated were tested through the estimation of five multiple linear regressions, using the Generalized Method of Moments.

Results: In model 1, it was concluded that only the social dimension had a positive influence on the HDI of OECD countries. In model 2, it was found that the categories that refer to the social and economic dimensions positively influenced the HDI, while those that represent the environmental dimension did not positively influence the HDI. According to model 3, it was found that the categories that represent the social dimension of the TBL positively influenced the HDI. In turn, in model 4, the variables that reflect the environmental dimension of the TBL did not positively influence the HDI. Finally, in model 5, the transition variable had a positive influence on the HDI, while the economy variable was not statistically significant. We conclude that the social dimension of TBL boosts ED, the environmental dimension of TBL slows down ED, and the economic dimension of TBL contains conflicting synergies in ED. This study makes even more evident the need for theoretical reflection to consider inclusion in the HDI indicators that translate the environmental dimension into the ED. It should be noted that supporting the progress of the social dimension of TBL is not only a guarantee of a qualitative improvement in the lives of populations but also a driver of ED. Thus, governments should consider investments in projects that increase the level of human well-being as a way to stimulate ED. Policies are also needed to improve coordination between environmental protection and ED objectives so that conflicting synergies between these two forces can converge and improve the ED framework. Governments should also assess and address vulnerabilities arising from high public debt to increase their capacity to implement policies that foster ED.

Research limitations: Despite the contributions of our study, this is not without limitations. The use of SSI to measure TBL and of HDI to measure DE instead of other

variables may bias the results. Also, the choices made when performing the econometric techniques may influence the results, as Dogan and Turkekul (2016) assume.

Originality: Although there are some studies on the link between TBL and ED, as far as we know, there is still no study that ascertains the influence of TBL on ED in OECD countries. Besides of adding new perspectives to previous discussions, we also identify the social dimension of TBL as a driver of ED; the environmental dimension of TBL as an element that slows down ED, and the economic dimension of TBL as having conflicting synergies in ED.

Keywords: Triple Bottom Line; Economic Development; Human Development Index; Human Well-being; Environmental Well-being; Economic Well-being.

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