

Constructing A Sustainability Business Model Of A Fertilizer Industry Based On Pentaple Bottom Line: An Imaginary Research Dialogue

Eko Ganis Sukoharsono

Accounting Department, Faculty of Economics and Business, Brawijaya University, Malang, Indonesia

Abstract

The objective of the study is to construct a sustainability business model of fertilizer industry using pentaple bottom line. The study is a postmodern imaginary research dialogue. The dialogue is between two persons: Sustainable Accountant, and Senior Businessman. This dialogue is based on sustainability reports published by the Fertilizer industries in Indonesia. The result of the study is that the Pentaple Bottom Line: Planet, People, Profit, Phenotechnology and Prophet, is a model to sustain the business of fertilizer industry in Indonesia. From the dialogue, the Sustainable Accountant argues that Pentaple bottom line is used to construct a Pentaple Capital. The Pentaple Capital is a sustainability business model of fertilizer industries in Indonesia, which includes Environmental Capital, Social Capital, Economic Capital, Technological Capital, and Spiritual Capital.

Keywords

Pentaple Bottom Line, postmodern, sustainability report, Pentaple Capital

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Introduction

My idea is starting from the thoughts that most today businesses are ‘unsustainable’. Today businesses are capitalistic, exploitative and un-spiritualistic. They are thinking that capital is everything. Money plays much role in business activities. No money is no move, no game and no hope. Many of us are fighting because of money. Money becomes order of power, becomes order of instructions and order of success.

To explicate the study, the background starts by imaginary dialoguing between 2 (two) persons who are Sustainable Accountant and Senior Businessman. Sustainable Accountant is an accountant who has competences on Pentaple Bottom

Line in relation to accounting discipline, whereas Senior Businessman is having much business experiences in particular fertilizer industries. Both are engaged in the discussions on finding the concept of sustainability business model using Pentaple Bottom Line.

Sustainable Accountant: *Senior Businessman, let us now start discussing our concern on the sustainability business where we must start from us. We could not wait others to start it.*

Senior Businessman: *Yes, I agree with your ideas.*

Sustainable Accountant: *Senior Businessman, please think about business today, they are really capitalistic.*

*Corresponding author Email: ganis.s@ub.ac.id

Senior Businessman: *Not only about capitalistic, Sustainable Accountant, but they are very exploitative.*

Not only about capitalistic, business today is much exploitative. The businesses tend to take unfair or unethical advantage of person, group, or situation for the purpose of profit, comfort, or advancement.

Many cases appear where many large (and small) companies have been accused of abusing the rights of their employees so that the company may benefit. These abusive practices go back to the beginnings of the industrial revolution and slave labor, when individuals were forced to work under less-than-ideal circumstances so that their employer could save money (Wartick and Cochran, 1985).

Furthermore, the capitalistic and exploitative business activities can also be seen as un-spiritualistic as the opposite of spiritualistic. Doing businesses with un-spiritualistic is meant that neglecting relationship between decision makers and with divinity which is the God and no interpersonal relationship between other people and with environment. Un-spiritual business is bringing a consequence of no spirit and no religious values (Sukoharsono, 2019).

The above thoughts of unsustainable business are concerned to be ended, that is why the study is offering sustainability business model. The model is using the Pentaple Bottom Line introduced by Sukoharsono (2019). Pentaple Bottom Line is a mode of comprehensive business practices in doing businesses any organization either business or public, and either big or small. The Pentaple Bottom Line is 5 Ps: *Planet, People, Profit,*

Phenotechnology and Prophet.

Planet means to preserve natural environment as a balance of operational activities of an organizational contribution. *People* give its meaning that the balance with the welfare of people (internal and

external organizations) or the community becomes important to contribute to the corporation. Proportion in providing justice in people's welfare is an effort to be balanced. *Profit* is an effort that is now dominant in achieving organizational performance must be balanced. Profit or welfare in economic aspects is important, but must be balanced with the other Ps. *Phenotechnology* is the fact that the existence or phenomenon of information technology must be an important part in maintaining the survival of the corporation. *Prophet* is a spiritual, mental, or spiritual balance in the process of preserving life of an organization.

Based on the research dialogue background, the study is concerned with the question of the following:

Senior Businessman: *Sustainable Accountant, sometimes it is not easy to address a research question on the topic we address it, but please propose it to make it easy to align our explications and discussions.*

Sustainable Accountant: *Here I propose the research question based on the above background: how do we construct a sustainability business model of fertilizer industry, the company that you work for, using the Pentaple Bottom Line?*

Sustainable Accountant: *As we concerned, then the objective of the study is to construct sustainability business model of fertilizer industries in Indonesia. The model is derived from Sukoharsono (2019) Pentaple Bottom Line model.*

The expected finding of the study is a new innovation of business model which is sustainability business. The new model is utilizing the Sukoharsono framework of Pentaple Bottom Line which is 5Ps: Planet, People, Profit, Phenotechnology and Prophet. The new model is contributed to the development of doing business with a new culture of 5Ps sustainability.

Research Method

The study is postmodernism in nature. Postmodernism is related to postmodern era where cultural expressions are embedded in the texts. Postmodern thinking, or discourse, which deals with philosophical reflections of the era and postmodern culture. Postmodernism is expressive intellectual changes at the level of theory; on aesthetics, literature, political or social philosophy that consciously answers the conditions of postmodernity, or which tries to move beyond or make criticism of modernity (Powell, 1998).

In this study, postmodernism is bringing a method of explicating some issues on sustainability business model using Pentaple Bottom Line. Postmodernism is used as a distinct way to bring up ideas in researcher minds based on observed and unobserved phenomena of sustainability report and business model (Sukoharsono, 2018). Explication means by giving explicit writing in a comprehensive way of thought. This postmodernism study is using techniques of dialoging [imaginary] the sustainability reports, financial reports and good governance reports produced by the company to achieve the objective of this study in constructing sustainability business model of fertilizer industries in Indonesia.

The data analysis method used in this study uses content analysis to analyze the practice of building strategic management sustainability through sustainability reports in a company. Content analysis is as a way to find the meaning of written or visual material by way of systematic allocation of content to predetermined detailed categories and then calculating and interpreting the results. This analysis aims to identify the characteristics or specific information contained in a document to produce an objective and systematic description.

This analysis uses a postmodernist approach and is more directed at examining

documents that will be linked to the theories concerned. Postmodernist research is research that aims to state a situation systematically in a particular field that is the center of thought of the researcher in fact Researchers want to describe the practice of building sustainability business model that reflected from strategic management to practical field through sustainability reports in a company. This research used PT. Pupuk Kaltim company as the study object. It is based on several reasons that PT. Pupuk Kaltim is one of the leading fertilizer companies in Indonesia. It also has many instruments that supports the sustainability practices that reflected in its sustainability report (2017).

Result and Discussion

The Sustainability Business Model of Sukoharsono Pentaple Bottom Line

The Pentaple bottom Line is the key output from Sukoharsono (2019) project to provide practical, yet comprehensive guidance to organisations seeking to improve their sustainability management and performance. The project was a modification and development of Elkington (1997) Triple Botttom Line. The Sukoharsono Pentaple Bottom Line consists of two main parts: (1) Guiding Principles – support the development of organisation specific principles and enable practitioners to understand what their organisation might look like if it were sustainable. (2) Management Framework – enables a systematic approach to be taken to the development, delivery, monitoring and communication of an organisation's sustainable development strategy and performance.

The guidelines also contain an introduction to the Pentaple Bottom Line Toolkit, which provides advice and guidance on specific management challenges, such as stakeholder engagement and assessing risks and opportunities. The key benefits of the guidelines are that they enable

organisations to align their existing activities with a robust framework, yet are flexible enough to accommodate the specific circumstances of the individual organisation. They are not a prescriptive set of rules, rather a structure and guide for action and a way of assessing organizational sustainability activities effectiveness.

The key differentiator of the Sukoharsono Pentaple Bottom Line from other management approaches is that The Sukoharsono Pentaple Bottom Line is underpinned by the guiding principles of the five capitals which provides the basis for all sustainability activity. Many established management systems provide effective structures for the management of issues without questioning or guiding the user towards more responsible social and environmental performance. For example, many environmental management systems

enable organisations to effectively manage their environmental impacts, however bad these impacts may be. The principle of continuous improvement may move the system user in the right direction but does not provide guidance on how far or how fast the organisation needs to go to become sustainable.

The Sukoharsono Pentaple Bottom Line goes some way to closing this gap. While working within any phase of the management framework to deliver the business proposition, the organisation is required to maintain and enhance environmental, social, Economic, technological and spiritual capitals. The term ‘Capital’ is used to represent the use of the stocks of these five assets, which together provide the foundation of any successful enterprise and reflect its overall impact and wealth. Table 1 summarizes the five capitals.

Table 1. The Pentaple Capital

No	The Pentaple Capitals	Maintaining and enhancing each capital
1	<i>Environmental Capital</i> The ecological foundation for the other capitals. Natural capital cannot be traded off against the other capitals	<ul style="list-style-type: none"> • Understand, monitor and manage resource inputs and the outputs and impacts generated • Operate within the boundaries of natural cycles and systems • Consider resource reduction and substitution, eco- efficiency, use of renewables, respect for and protection of biodiversity
2	<i>Social Capital</i> The ability of the individual and group of people to contribute to organizational success and have their potential fulfilled	<ul style="list-style-type: none"> • Aim for healthy, motivated and skilled workforces doing varied and satisfying work in learning environments. • Ensure fair treatment and wages, respect for basic human rights and cultural differences, safe environments and the encouragement of identity, empathy and creativity. • Work towards community development; ethical sourcing of supplies, consistent public policy positions, fair payment of taxes, respect for law, the rejection of corruption and the adoption of trans- parent and fair governance systems
3	<i>Economic capital</i> Existing in the form of tradable economic and financial aspects, it should reflect the value of the other capitals (rather than being a true capital in its own right)	<ul style="list-style-type: none"> • Publish economic and financial accounts • Consider putting financial or ‘shadow’ values on other capitals wherever possible • Recognize the importance of non-financial measures

No	The Pentaple Capitals	Maintaining and enhancing each capital
4	Technological Capital Technological infrastructure assets, such as software, hardware, telecommunication and internet owned, leased or controlled by the organization	<ul style="list-style-type: none"> Utilize software, hardware, telecommunication and internet and systems in the efficient use of resource. Consider closed loop technology systems, internet of things and sustainable design
5	Spiritual Capital Spirituality is based on increased awareness of the values of honesty, trustworthiness, taste respect, responsibility, integrity, love and religiosity..	Spiritual capital is a source from virtue. This includes trust, itqan, honesty, consultation, and patience as well as the role of spiritual leadership.

Source: Developed from Sukoharsono (2019)

Based on the above Table, all business activities use one or more capital during every management phase to deliver the business proposition. Therefore, following the Sukoharsono Pentaple model, businesses seeking to improve their sustainability will move towards integrated management approaches. This includes using broader measurement of performance and success, issue based and cross-functional working and by improving their ability to communicate the value of sustainability.

Implementation of Sustainability Business Model of Sukoharsono Pentaple Bottom Line

Back to the discussion of Senior Businessman and Sustainable Accountant, related to their objective to construct sustainability business model of fertilizer industries in Indonesia. The model is derived from Sukoharsono (2019) Pentaple Bottom Line model.

Senior Businessman: *As you can see from my company sustainability reports, you can find my company is trying to work in line with the spirit of environmental sustainability. We try to manage our raw material, energy, water, and emission within the boundaries of natural cycles and systems consider resource reduction, substitution, eco-efficiency, and use of renewables (see: 2017 Sustainability Report p. 135; p. 140). We also respect for and protect the Biodiversity of animals and plans by (1) Establish 30% of Pupuk Kaltim industrial area as Green Open Space. (2)*

Planting mangroves as greenbelt around the plant site to minimize the impact of air emissions and noise. (3) Preserve rare plants in East Kalimantan through the Wanatirta Green Park Program of 265 hectares. (4) An Artificial Reef Planting Program of 500 units annually to rehabilitate the condition of artificial reefs and increase coral fish populations. (5) Conduct a 20,000 tree mangrove rehabilitation program on the Bontang coast every year (see: 2017 Sustainability Report p. 148). More importantly, we also try to do our best to follow the environmental law (2017 Sustainability Report p. 134) . Could these activities be called in line with the Sukoharsono (2019) Pentaple Bottom Line model?

Sustainable Accountant: *In my opinion, absolutely yes, your explanation shows that your company has done well the spirit of **Environmental Capital**, the first of the capitals of pentaple bottom line that focus on maintaining the natural capitals in order to get them sustainable. Moreover, how about **the social capital**, do your company have some approaches to maintain the social capital? It is because the preserving of social capital is the second important point of Sukoharsono (2019) Pentaple Bottom Line Model.*

Senior Businessman: *If you mean that **the social capital** related to the giving space and policy that support the individual and group of people to contribute and get some contributions to and from our organizational success and have their potential fulfilled, I think, my company has*

done it. There are several things related to the empowerment of social capital in my company. From the internal: (1) Employee welfare programs, it is related to the salary and pension and others allowance such as transport, housing, holiday, meternity leave and health insurance. (2) Occupational health and safety, it is related to efforts to protect the safety and care for the health of every employee who works at my company. (3) Training and education to maintain the quality of human resources, we do believe, our employees are our main capital. And giving the best training and education to them is the vital policy that we should do for sustaining our business. We make it in line with the key performance indicator (KPI) index of each employee. (4) We do ensure fair treatment and wages, respect for basic human rights and cultural differences in our everyday job activities. For the external side: (1) we always try to follow the regulations related to our business activities to ensure everything going to be alright. (2) We always give support and hand in hand with local communities in natural disaster assistance, community education, public health, improvement of public facilities and infrastructure, assistance for religious facilities, nature conservation, and poverty alleviation. Specifically, in our operating areas. (3) and we continuously give full focus in order to maintain the costumer health and safety, marketing and labeling for ensuring our product is used as its designation, and guarding our costumer privacy. All of these explanations you can find in my company annual sustainability reports.

Sustainable Accountant: Wow, our discussion is getting interesting. I think, we are very right to choose your company as the research object. Your explanation related to social capital is really in line with the focus of pentaple bottom line in explaining the social capital. Moreover, I think, your company is also same with other companies if we are talking about the **economic performance**, the third point of pentaple bottom line, your company also present it as excellent as possible.

Specifically, in all your accountability tools such as financial report and sustainability report. Is not it?

Senior Businessman: Before answering your questions, I will try to making our perception is same first. I do not really agree with your statement that said "my company also present the economic performance as excellent as possible in all our accountability tools". In my opinion, it is better if we call it "my company is trying to maintain and show our economic performance in excellent form without sacrifice the information honesty." As we know, in business, there is always ups and down. Thus, we should to be honest to all our stakeholders related to the company conditions. I do believe, if we keep this honesty as our paradigm in doing business, we will automatically fight for the best of the company.

Sustainable Accountant: Yeah, it is wonderful words. Thanks before, you also make me automatically remember one of pentaple bottom line values. That it is called the prophet (spiritual) capital. This values is really based on the spirituality values, one of them is honesty in doing business. But, before we discuss it. Please go further to explain what your company does related to the economic performance?

Senior Businessman: Ok, we will back again. In **economic performance**, as business as usual, my company really focus in (1) income earned and expenses incurred for operational activities for 1 year. This becomes an evaluation of the development of business activities through the achievement of the resulting profit value. Furthermore, we also focus on (2) market existence analysis. We believe economic is not only related to performance, but also the benefits that can be felt economically by the surrounding community. The existence of a company must give benefits, direct and indirect, to the community and grow with the community. The direct benefit of our market existence is based on our contribution to the salary of our employees

and this salary is used by them to turning the wheels of the economy in each region. It also can be seen in our procurement activities of our raw materials. Moreover, the indirect impact, it can be seen in our Partnership Program. This Partnership Program was created to help the household economy in the vicinity of PT. Pupuk Kaltim. The form of this program is in the form of fostering and providing working capital loans. Thus, in addition to getting employment, the Fostered Partners also earn income from business activities carried out (2017 Sustainability Report p. 159). With this additional income, the Fostered Partners can improve the quality of the economy in the household. In addition, the existence of our company has indirect positive impacts in several other fields through the environmental development program. This program, distributes assistance in the form of grants in the scope of assistance for victims of natural disasters, education / training, health improvement, development of public facilities and infrastructure, religious facilities, nature conservation, social assistance in the context of poverty alleviation, as well as education / training assistance, apprenticeship , marketing, promotion and other forms of assistance that are bound by capacity building efforts (2017 Sustainability Report p. 161). Is it enough to show my company economic performance?

Sustainable Accountant: In my opinion, it is enough and it is so comprehensive. We still have two points of pentaple bottom line values. That are the technology and spiritual values. How about these?

*Senior Businessman: In my company, we have used the Enterprise Resource Program (ERP/SAP), it is high technology of information technology that is used by companies to integrate and coordinate information in every area of the company's business. I think, it is the real example of **technological values** that we adopted. And for the **spirituality values**, as I have explained before, beside we do appreciate*

the honest value in our activities. we also really focus on it, specifically in preventing corruption by making several anti-corruption policies such as socialization on gratification control which has been socialized through induction, employee e-mail, and distribution of gratuity control manuals for all employees and stakeholders. In addition, to prevent fraud in the work environment, my company is also pursuing a Fraud Control System (FCS). To realize this system. During 2017, I remember, there were no proven incidents of corruption in my company (2017 Sustainability Report p. 88). And the last, we also really helpful to the community in helping them to build or rebuild their mosque and others worship places (2017 Sustainability Report pp. 165-167).

Epilogue-Conclusion

Sustainable Accountant: I think, based on all of your information, I have figured out the construction of sustainability business model of fertilizer industries in Indonesia that in line with the Sukoharsono (2019) Pentaple Capital Model which is which includes Environmental Capital, Social Capital, Economic Capital, Technological Capital, and Spiritual Capital. May I say it also should be in line from the strategical step to the implementation step, and finally, it will be reflected in the accountability tools such as sustainability report.

Senior Businessman: Of course, without the harmony from the strategical step to practical field, I could guarantee that these situations will not be happened.

Sustainable Accountant: Yes, I think, we have same opinion related to the importance of harmony from the strategical step to practical field and it will be finally reflected in the sustainability report. Thank you for this wonderful discussions

Senior Businessman: You are welcome.

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Notes on Contributor

Eko Ganis Sukoharsono is a senior lecturer in Accounting Department, Faculty of Economics and Business, Brawijaya University. He is a Professor of Sustainability Accounting. His research interest are sustainability accounting.

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