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The Role of Business Performance in Mediating Relationship between Triple Bottom Line and Business Survival

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Abstract

This study investigates the influence of the Triple Bottom Line (TBL), comprising economic, social, and environmental dimensions, on business performance and business sustainability, with business performance functioning as a mediating variable. A quantitative research design was employed, collecting data from 208 business respondents through a structured questionnaire, which was then analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that all three TBL dimensions have a significant impact on both business performance and sustainability, with the social dimension showing the strongest effect in enhancing performance and supporting business survival. Furthermore, business performance positively influences sustainability and serves as a significant mediator in the relationship between the social dimension and business survival, whereas its mediating role is not significant for the economic and environmental dimensions. Theoretically, this study contributes to the literature by emphasizing the critical role of business performance as an intermediary mechanism within the TBL framework, particularly in relation to the social dimension. Practically, the results suggest that business actors should focus on social-oriented strategies, such as improving employee satisfaction, ensuring fair compensation, and empowering communities, to strengthen sustainability. Additionally, the study offers recommendations for policymakers to facilitate and support sustainable business practices among small and medium enterprises.

Keywords

Business Continuity, Business Performance, Social Dimension, Triple Bottom Line.

1. Introduction

In Indonesia, Micro, Small, and Medium Enterprises (MSMEs), especially in the creative industry sector, play a vital role in the economy (Saleh, 2019; Lita et al., 2020; Sinha et al., 2024). Data from the Ministry of Cooperatives and SMEs shows that MSMEs contribute more than 60 per cent to the national Gross Domestic Product (GDP) and absorb more than 97 per cent of the workforce (Tekola & Gidey, 2019; Kurniadi et al., 2024). However, the sustainability of MSMEs, including the creative sector, faces major challenges in balancing economic, social, and environmental values. Limited resources, managerial capacity, and limited access to environmentally friendly technology are often the main obstacles to the consistent application of triple bottom line principles (Tate & Bals, 2018; Westerman et al., 2020; Asraf et al., 2024). Consequently, research on how Triple Bottom Line helps MSMEs preserve their businesses while enhancing their performance is becoming more and more pertinent.

The concept of the Triple Bottom Line, which includes economic, social, and environmental dimensions, is increasingly occupying a central position in modern management studies (Arowoshegbe et al., 2016; Dura et al., 2021). This concept arises from the realisation that a company's success can not only be measured from a financial point of view, but also from its contribution to community welfare and environmental sustainability. In an era of global competition marked by increasing consumer expectations and increasingly stringent regulations, triple bottom line is one of the main approaches used to assess the performance and sustainability of a company (Kurnia et al., 2023). The urgency of triple bottom line is highlighted by global sustainability trends, with consumers demanding eco-friendly products and ethical practices, and governments requiring greater transparency and accountability. Thus, implementing triple bottom line becomes a strategic approach to enhance reputation, build stakeholder trust, and ensure long-term business sustainability (Roy & Mitra, 2015).

The economic dimension of triple bottom line focuses on profitability and sustainable financial performance, requiring companies to grow economically while fairly distributing benefits to stakeholders. This aspect encourages sustainable business practices that maintain profitability continuity, and transparent triple bottom line reporting aligns strategies with sustainability goals, enhancing financial performance (Roy & Mitra, 2015; Kurnia et al., 2023). The social dimension of triple bottom line focuses on corporate social responsibility through community engagement, employee welfare, and harmonious stakeholder relations. Transformational leadership supports triple bottom line implementation in MSMEs, enhancing profitability and community ties (Asraf et al., 2024). The environmental dimension emphasises sustainable resource management, with eco-friendly practices benefiting ecology and reducing operational costs (Aytekin et al., 2023). Integrating environmental factors can be achieved without compromising economic sustainability (Venkatesh et al., 2015).

Previous studies show that triple bottom line implementation enhances business performance and continuity, but research on MSMEs, especially in Indonesia's creative industries, remains limited despite their economic importance (Stanford et al., 2016; Asraf et al., 2024). Creative MSMEs often face difficulties integrating economic, social, and environmental values, and many studies focus only on one triple bottom line dimension (Hoffman, 2000). This study positions business performance as a mediator between triple bottom line and business survival, with integration of all three dimensions expected to improve efficiency, reputation, and resource management, supporting long-term continuity (Kurnia et al., 2023). Sustainability affects survival directly and indirectly through performance, as environmental practices enhance cost efficiency and socio-strategic activities

strengthen performance ethically and strategically (Omer, 2008; Iswanaji et al., 2023). This study focuses on the local economy dominated by MSMEs, which are key drivers of growth and major employers but face challenges such as limited capital, managerial skills, and rising consumer demands for ethical and environmentally friendly products. Regional environmental and social issues further complicate operations, requiring businesses to adapt to regulations and public expectations. Therefore, the local context is relevant to examining Triple Bottom Line implementation in enhancing business performance and resilience. The study aims to analyze the role of the Triple Bottom Line economic, social, and environmental dimensions in improving performance and supporting business survival, while examining business performance as a mediating variable.

2. Literature Review and Hypothesis Development

2.1 The Determinants of Business Performance

The triple bottom line framework is widely recognized as a key approach to assessing business success, emphasizing not only profitability but also social and environmental responsibility (Nogueira et al., 2025). Previous studies show that triple bottom line improves long-term outcomes such as profitability, corporate reputation, and organizational resilience (Kurnia et al., 2023). Thus, the economic, social, and environmental dimensions are seen as crucial factors influencing business performance. The economic dimension stresses sustainable profitability, transparent practices, and fair distribution of value. Profitability today is understood as long-term stability rather than short-term gain. Nogueira et al. (2024) highlight its role in sustaining continuity, while Roy and Mitra (2015) argue that transparent reporting enhances stakeholder trust and strengthens financial results. The social dimension highlights corporate responsibility, employee welfare, and community relations. Companies that engage socially are more likely to gain reputation and loyalty. Asraf et al. (2024) show that transformational leadership fosters effective triple bottom line implementation in MSMEs, while Iswanaji et al. (2023) find that strategic social responsibility improves customer loyalty and competitive strength. The environmental dimension emphasizes efficient resource use, waste reduction, and eco-friendly operations. Beyond moral duty, environmental practices offer strategic advantages. Aytekin et al. (2023) demonstrate that eco-friendly strategies reduce costs and improve productivity. Similarly, Venkatesh et al. (2015) show that integrating environmental considerations into business models adds value without sacrificing profitability.

H1: Economic dimension has a positive effect on business performance.

H2: Social dimension has a positive effect on business performance.

H3: Environmental dimension has a positive effect on business performance.

2.2 The Determinants of Business Survival

The Triple Bottom Line, consisting of economic, social, and environmental dimensions, highlights that long-term business viability depends on managing these aspects in balance. Recent studies stress that Triple Bottom Line is not only an ethical concept but also a strategic basis for competitiveness and resilience in dynamic markets (Stanford et al., 2016; Varyash et al., 2020; Kurnia et al., 2023). Hence, examining the link between Triple Bottom Line and business survival is increasingly relevant. The economic dimension focuses on financial stability, sustainable growth, and equitable value distribution. Companies must ensure long-term profitability while adhering to ethical and transparent practices, which are expected to strengthen survival (Zakaria, 2025). The social dimension emphasizes relationships with stakeholders such as employees, customers, and communities. Firms that foster employee welfare, engage in social initiatives, and build

reputational capital often achieve higher loyalty and stronger partnerships. Integrating social awareness into business models also supports long-term sustainability (Iswanaji et al., 2023). The environmental dimension highlights eco-friendly practices, efficient resource use, and ecological management. Responsible environmental strategies not only meet regulatory requirements but also improve public perception and operational efficiency, thereby reinforcing sustainability (Stanford et al., 2016). In addition, business performance, the ability to manage resources effectively and achieve strategic goals, serves as a key determinant of survival. Strong performance enables firms to translate sustainability practices into resilience and continuity.

H4: Economic dimension has a positive effect on business survival.

H5: Social dimension has a positive effect on business survival.

H6: Environmental dimension has a positive effect on business survival.

H7: Business performance has a positive effect on business survival.

2.3 Mediating Role of Business Performance

Business performance is considered a mediating variable that explains how the triple bottom line affects business survival. Prior studies highlight that TBL practices improve efficiency, reputation, and innovation, which in turn strengthen performance and long-term sustainability (Kurnia et al., 2023). The economic dimension focuses on profitability, efficiency, and sustainable growth. Its impact on survival is often indirect, operating through improved business performance. Sustainable financial practices enhance operational outcomes, while transparency builds stakeholder trust, thereby reinforcing company resilience (Roy & Mitra, 2015; Kurnia et al., 2023). The social dimension emphasizes employee welfare, stakeholder engagement, and social responsibility. Effective implementation improves reputation, customer loyalty, and employee satisfaction, leading to stronger performance. Prior research confirms that CSR and leadership practices amplify this positive effect, ultimately contributing to survival (Iswanaji et al., 2023; Asraf et al., 2024). The environmental dimension stresses resource efficiency and ecological responsibility. Green practices generate cost savings and operational improvements that strengthen performance, which then supports sustainability (Venkatesh et al., 2015).

H8: Business performance mediates the relationship between the economic dimension and business survival.

H9: Business performance mediates the relationship between the social dimension and business survival.

H10: Business performance mediates the relationship between the environmental dimension and business survival.

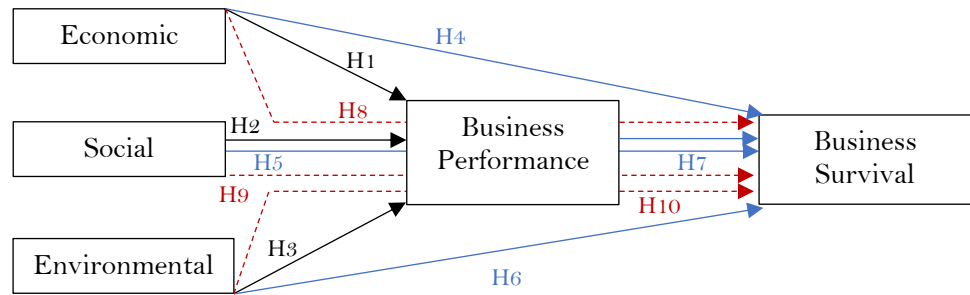


Figure 1. Conceptual framework

Figure 1 illustrates the conceptual framework of this study, which positions the triple bottom line (economic, social, and environmental dimensions) as the main antecedents influencing both business performance and business survival. Business performance acts as a mediating variable that links the implementation of triple bottom line to long-term business survival, showing that sustainability can impact continuity directly and indirectly through improved operational outcomes.

3. Methods

The impact of the triple bottom line, which includes economic, social, and environmental aspects, on company performance and survival was examined in this study using a quantitative methodology. A standardised survey questionnaire was used to gather data from 208 business owners in a variety of industries. The purpose of the questionnaire was to find out how respondents felt about their business performance, ability to maintain operations, and business practices in relation to the Triple Bottom Line framework. The sampling technique applied was purposive sampling, targeting business owners who had been operating for at least three years to ensure relevance to the construct of business survival. A five-point Likert scale, ranging from “strongly disagree” to “strongly agree,” was used to score each item on the survey. The instrument was pre-tested to guarantee content authenticity and clarity before being distributed. Using SmartPLS software, the study used Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis. This approach was chosen because it works well with small to medium sample sizes and complex models that contain latent variables. In order to examine hypotheses and the mediating function of business performance between Triple Bottom Line and business survival, the analysis comprised a structural model assessment in addition to a measurement model evaluation through validity and reliability testing (Hair et al., 2021). To guarantee the robustness of the findings, the predictive relevance of the model was further investigated using the R^2 , Q , and discriminant validity criteria.

The selection of a quantitative method is particularly relevant to this study because it allows for the systematic examination of causal relationships between latent variables and ensures that the findings can be generalised to a broader population of MSMEs. By adopting purposive sampling of businesses that have operated for more than three years, the study ensures that the responses truly reflect firms with established practices and survival experience. Furthermore, the application of PLS-SEM provides methodological rigour as it is widely used in management and sustainability research to test theoretical frameworks involving mediating variables. This strengthens the validity of the conclusions drawn, especially regarding the role of business performance as an intermediary between the Triple Bottom Line and business survival. Thus, the chosen method not only supports the reliability of the research findings but also aligns with the study’s objective to contribute both theoretically and practically to the field of sustainable business management.

4. Results

The respondent profile indicates that the most significant proportion of business owners falls within the 38–44 age range, totaling 92 individuals (44.2%). This is followed by 79 respondents (38.0%) in the 45–51 age category, while 23 respondents (11.1%) are younger than 38 years, and 14 respondents (6.7%) are older than 51 years. In terms of gender distribution, male respondents dominate with 150 individuals (72.1%), compared to 58 females (27.9%). Regarding educational attainment, the majority hold a bachelor's degree (167 respondents or 80.3%), followed by high school graduates (29 respondents or 13.9%), and those with a master's degree (12 respondents or 5.8%). These findings suggest that most participants are educated at the bachelor's level and belong to a productive age group, which strengthens the relevance of their perspectives in this study.

Table 1. Loading Factors Result

Variable	Loading
Economics (X1)	0.906
	0.894
	0.923
Social(X2)	0.873
	0.897
	0.888
Environmental (X3)	0.924
	0.919
	0.910
Business Performance (Y1)	0.875
	0.904
	0.867
Business survival (Y2)	0.932
	0.903
	0.890
	0.887
	0.900

Based on Table 1, the results of statistical analysis showed that all items in the research construct had a loading factor value above the threshold of 0.70. This indicates that each indicator is able to reflect a well-measured construct. In the economics variable, the loading value ranges from 0.894 to 0.923, which confirms the strength of the indicator in explaining the economic dimension of Triple Bottom Line (Singh et al., 2016; Qeke, 2019). The social variable also shows a high loading value between 0.873 and 0.924, showing that indicators regarding employee satisfaction, social contribution, fair compensation, and inclusive work environment can be relied upon as a measure of the social dimension. Likewise, the environmental variable shows consistency with a loading value of 0.875–0.919, so it can be ensured that the indicators used effectively represent environmental commitment in business.

In the business performance construct, all indicators have a loading value between 0.867 and 0.932, indicating a very strong convergent validity. Indicators that assess customer satisfaction, smooth operations, increased sales, reputation, and the ability to maintain cash flow have all proven to be valid in measuring business performance. Meanwhile, the business survival variable also showed adequate results with loading values of 0.887 and 0.900 (Najib et al., 2021). These statistical findings confirm that all constructs and indicators in the research instrument meet the validity criteria, so that they can be reliably used in subsequent hypothesis testing.

Table 2. Reliability and Validity Measures of Research Variables

Variable	Cronbach's Alpha	Composite Reliability	AVE
Economics	0.893	0.893	0.824
Social	0.917	0.918	0.802
Environmental	0.884	0.885	0.812
Business Performance	0.923	0.924	0.813
Business Survival	0.911	0.912	0.788

Based on Table 2, all research variables satisfied the necessary statistical requirements, according to the findings of validity and reliability testing. With Cronbach's Alpha scores between 0.884 and 0.923, there is a high degree of internal consistency. Likewise, each construct's good composite dependability is confirmed by the Composite dependability rating, which falls between 0.885 and 0.924. Furthermore, with a range of 0.788 to 0.824, the Average Variance Extracted (AVE) value likewise demonstrates satisfactory results, indicating that the indicator can account for over 50% of the variance of the construct it represents. Overall, these results demonstrate that the study's instruments are convergently valid and dependable, allowing for high-accuracy measurements of each latent variable.

Table 3. Discriminant Validity

No	Variable	1	2	3	4	5
1	Economics					
2	Social	0.559				
3	Environmental	0.448	0.639			
4	Business Performance	0.501	0.678	0.570		
5	Business Survival	0.546	0.672	0.590	0.612	

Table 3 shows that, according to the Heterotrait-Monotrait Ratio (HTMT) criterion results of the discriminant validity test, all correlation values between the constructs were less than the 0.85 cutoff. The association between the social and business performance variables had the greatest HTMT value (0.678), while the relationship between the environmental and economic variables had the lowest value (0.448). These findings indicate that each construct in the study has an adequate level of discrimination, so that each variable can be clearly distinguished from the others. Thus, the measurement model used can be declared to meet the criteria of discriminant validity.

Table 4. Q²predict and R Square a

Variable	R-square	Q ² predict
Business Performance	0.446	0.405
Business Survival	0.480	0.415

Based on Table 4, Business Performance's R-squared value was 0.446, whereas Business Survival's was 0.480, according to the structural model test results. This figure suggests that the model's independent variables can account for a substantial amount of the variation in business performance (44.6%) and business survival (48.0%). In addition, the Q²predict test results show predictive values of 0.405 for Business Performance and 0.415 for Business Survival, both of which are greater than zero. This confirms that the model has good predictive capabilities and is relevant in explaining endogenous variables.

Table 5. Hypotheses results

Hypothesis	Path	Original sample	P values
H1	Economics → Business Performance	0.16	0.05
H2	Social → Business Performance	0.43	0.00
H3	Environmental → Business Performance	0.21	0.02
H4	Economics → Business Survival	0.18	0.01
H5	Social → Business Survival	0.29	0.00
H6	Environmental → Business Survival	0.19	0.02
H7	Business Performance → Business Survival	0.21	0.02
H8	Economics → Business Performance → Business Survival	0.03	0.21
H9	Social → Business Performance → Business Survival	0.09	0.04
H10	Environmental → Business Performance → Business Survival	0.04	0.17

The findings, which are shown in Table 5, show that the economic dimension has a major impact on both business survival and performance. A t-statistic of 1.98, a p-value of 0.05, and a coefficient of 0.16 indicate that the economic dimension has an effect on business performance. Likewise, a p-value of 0.01, a t-statistic of 2.54, and a coefficient of 0.18 all demonstrate its impact on business survival. These findings highlight that economic initiatives such as branding investments, marketing strategies, and competitive pricing contribute not only to enhancing business performance but also to directly reinforcing business sustainability.

The social dimension is seen to exert the most powerful influence among the three dimensions of the Triple Bottom Line. Its effect on business performance has a coefficient of 0.43 with a t-statistic of 4.02 and a p-value of 0.00, while on business survival, the effect is 0.29 with a t-statistic of 2.89 and a p-value of 0.00. These results show that social aspects such as employee satisfaction, community engagement, and fair compensation play a major role in strengthening business performance and supporting business survival. Thus, the social dimension is not only ethical but also strategic for business sustainability.

The sustainability and performance of businesses are also significantly impacted by environmental factors. Together with a t-statistic of 2.26 and a p-value of 0.02, the correlation with company performance has a coefficient of 0.21. The t-statistic was 2.42, the p-value was 0.02, and the influence on business survival was 0.19. These findings offer factual proof that eco-friendly actions, such as using locally produced goods, conserving energy, and managing trash, not only boost company productivity but also promote long-term viability.

Moreover, a coefficient of 0.21, a t-statistic of 2.44, and a p-value of 0.02 demonstrated that the business performance variable significantly impacted business survival. This strengthens the argument that companies with good business performance, both in terms of operations, sales, and reputation, are better able to maintain the continuity of their business. In other words, the survival of a company depends not only on the immediate sustainability strategy but also on the quality of performance demonstrated by the company.

Mediation analysis showed mixed results. The mediating pathways from the social dimension through business performance to business survival were significant with a coefficient of 0.09, a t-statistic of 2.08, and a p-value of 0.04. This means that business performance becomes a mediator that strengthens the influence of the social dimension on business survival. Thus, the application of social aspects in Triple Bottom Line can improve survival not only directly but also through improved business performance.

However, insignificant mediation was found in the pathways from the economic dimension and environmental dimension through business performance to business survival. The coefficient values for the economic pathway are 0.03 with a t-statistic of 1.25 and a p-value of 0.21, while for the environmental pathway are 0.04 with a t-statistic of 1.38 and a p-value of 0.17. These results show that although the economic and environmental dimensions have a significant influence on survival, these influences are more dominant directly, rather than through the mediation of business performance. Thus, it can be concluded that only the social aspects of Triple Bottom Line show significant mediative effects in this research model.

5. Discussion

The results of the study show that the economic dimension has a significant influence on both business performance and business sustainability (Schaltegger & Wagner, 2017; Andersson et al., 2022). This emphasizes that economic activities such as investment in branding, the implementation of the right marketing strategy, and competitive pricing play an important role in improving business performance while strengthening business resilience. These results are consistent with those of Kurnia et al. (2023), who highlighted that the Triple Bottom Line's economic component serves as the primary pillar for promoting sustainability. Furthermore, according to Roy and Mitra (2015), economic reporting transparency can boost stakeholder confidence, which will enhance the business's long-term viability and financial success.

The social dimension has been proven to have the strongest influence compared to other dimensions. Social aspects that include employee satisfaction, community involvement, and fair compensation contribute greatly to business performance and business sustainability. These results support the research of Asraf et al. (2024) who found that transformational leadership can strengthen the application of the social dimension in small and medium-sized businesses, so that it has a positive impact on performance. In line with that, Iswanaji et al. (2023) emphasised that strategic social responsibility not only improves the company's image but also increases customer loyalty and strengthens market position. Thus, the social dimension can be seen as a strategic factor that supports sustainability.

The environmental dimension has also been proven to have a significant effect on business performance and sustainability. Eco-friendly practices such as the use of local raw materials, energy efficiency, and waste management not only have a positive impact on the ecosystem but also result in cost efficiency and improve the company's image. These findings are in line with Choi and Ng (2011) also, show that companies that are consistent in environmental management have a greater chance of maintaining business sustainability.

The business performance variables themselves have been proven to have a significant influence on business sustainability. Companies with good performance, both in terms of operations, increased sales, and reputation, tend to be better able to maintain their survival. This supports the findings of Stanford et al. (2016) which affirm that solid business performance will strengthen the resilience of organisations in the face of various external challenges. In other words, business continuity is not only determined by the sustainability strategy directly, but also by the daily business performance.

Additional investigation reveals that the relationship between the social dimension and company sustainability is mediated by business performance. This means that the implementation of social aspects not only supports sustainability directly, but also through improving operational and financial performance. These results reinforce the findings of Onuoha and Emengini (2020), who stated that social factors contribute to the longevity of companies through improved performance.

Therefore, social responsibility is not just a moral duty but also a commercial tactic that actually affects the company's ability to survive.

On the other hand, the role of business performance mediation is not significant in the relationship between the economic dimension, the environmental dimension and business sustainability. This shows that these two dimensions are more dominant in directly influencing survival. Economic strategies such as cost efficiency and branding, as well as environmental strategies such as energy efficiency, have a direct impact on business resilience without having to be mediated by business performance (Carayannis et al., 2014). Thus, only the social dimension has been shown to show a significant mediation effect, which confirms the importance of social aspects as a reinforcing factor in the relationship between the Triple Bottom Line and business sustainability.

6. Conclusion

This study shows that the Triple Bottom Line economic, social, and environmental has a significant impact on business sustainability and success. The social dimension provides the strongest effect, both directly and through business performance, while the economic and environmental dimensions influence sustainability more directly. Business performance is essential in strengthening resilience through customer satisfaction, operational efficiency, sales growth, and reputation. Theoretically, this research emphasises the mediating role of performance in the social dimension, while practically, it directs businesses and policymakers to focus on social strategies such as employee welfare, community empowerment, and fair compensation to reinforce sustainability.

This research has several limitations that need to be considered. First, the data used is only cross-sectional, so it is not able to capture the dynamics of the influence of variables over time. Second, the study only uses general indicators to measure the Triple Bottom Line, so it has not delved deeper into specific practices in each industry. Third, a limited sample to a specific region can also limit the generalisation of findings to a broader context. Future research is recommended to use longitudinal data to be able to see the influence of the Triple Bottom Line on business performance and survival in the long term. In addition, research indicators can be expanded to include more specific aspects according to the characteristics of the industry, for example, the creative, manufacturing, or service sectors. The use of mixed methods can also be considered to gain deeper qualitative insights into sustainability practices. Thus, further research is expected to provide a more comprehensive picture of the role of the Triple Bottom Line in strengthening business performance and sustainability.

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The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.



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