

## **Towards a Sustainable Future: Developing a Framework for Social Business Performance in the Context of Environmental Orientation and Government Support**

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### **Abstract**

In recent years, there has been a significant increase in the attention of academia and industry on different social issues, sustainability, and green practices. Most importantly, both government and private sectors are becoming more concerned to create a sustainable business environment that will not only focus on profit but also act responsibly for the development of society and the environment. And the situation is almost the same in the developed, developing, and underdeveloped countries. As business plays a great role in our everyday life, this paper focuses on the development of Social Business Performance. And to do that, government support is considered in this paper as one of the key sources to influence the social business and the private sector's environmental concern. This study also included the environmental orientation to see the influences on the relations. This paper's primary goal may be divided into two groups. One provides a conceptual framework for this field of study, while the other is a guideline for potential future studies. Insights and recommendations from earlier studies are presented in this report for the government, business firms, policy makers, and stakeholders. The important overviews and reviews on this topic are also included in the study. Additionally, as the number of studies on social business and other relevant issues is limited, this paper argues that researchers should focus on the development of social business performance.

### **Keywords**

Social Business Performance, Government Support, Environmental Orientation, Tripple Bottom Line

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## Introduction

Social business has evolved as an essential avenue for considering societal challenges; in the meantime, it contributes to the national economy as well. The findings from recent research indicate that social businesses dynamically develop the financial structure of society, individuals from various backgrounds, and economic conditions. For instance, the decisions and initiatives of social entrepreneurship are assessed to generate millions of employment opportunities globally, establishing a larger impact on job creation, more specifically by emerging social communities, and fostering collaborations. Besides, they are vital in reducing poverty level from across countries, since they are facilitated by the United Nations' Sustainable Development Goals, which acknowledge that social businesses as major participants in alleviating poverty and furthering sustainable economic growth (Jakunskiene, 2021).

A systematic review accentuates those businesses connected in social responsibility report markedly greater customer loyalty and larger profitability in contrast to those that do not participate in such activities. Particularly, companies performing corporate social responsibility (CSR) have been correlated with preferable customer retention and financial performance (Jannat et al., 2025;Khanal et al., 2021). This trend demonstrates the rising acknowledgment that relating social missions into business models not only enriches operational efficiencies but also brings brand visibility, brand loyalty, and consumer trust building. That being the case, social business efficiently correlates sound financial footing with social impact, emphasizing social economy to the highest development phase, and keeping the business individuals more connected to each other for ensuring collaboration. The necessity for sustainable future development is crucial to encourage and influence more people who are interested in starting their own businesses (Berdar et al., 2023;

There are significant struggles in the performance of social businesses that have been shown, more specifically examined by their shorter economic viability compared to traditional business models. Based on percentage, only a smaller percentage of social enterprises report operating in a financially sustainable manner, lowering their capability to expand beyond the charitable framework (Sugahara et al., 2022). Moreover, research shows that many social ventures struggle to scale because of lack of funding and the difficulty of accurately measuring social impact (Sefidanoski et al., 2021). Many social businesses find it difficult to innovate in areas that are in line with both social and economic goals because of emphasis on traditional financial metrics. This can lead to an in market competitiveness and growth enhancement (Kelly et al., 2022).

Fostering sustainable practices and improving corporate performance require the interaction of governmental support, organizational dedication to environmental initiatives, environmental orientation, and social business performance. Studies show that government assistance, such as financial incentives and policy initiatives plays a crucial role in promoting adherence to environmental standards and enhancing organizational performance by acting as a catalyst for businesses to adopt ecofriendly practices (Hossen et al., 2024; Kholijah, 2024; Kim & Jin, 2022; Peris et al., 2020). Businesses that integrate environmental objectives into their operational strategies frequently see an increase in market performance because this builds consumer loyalty and trust, which eventually improves financial results (Hasanat et al., 2020; Halim et al., 2023;

Tekeli & Kasap, 2023). Additionally, an environmental orientation helps businesses create socially conscious business models that not only spur innovation but also improve community well-being, thereby strengthening the link between social responsibility and corporate success (Corbett, 2024; Colovic & Schruoffeneger, 2021; Peris et al., 2021). As such, a synergistic relationship exists whereby effective governmental policies enhance organizational support for environmental initiatives, ultimately leading to improved social business performance.

There is still little research on social business, especially when it comes to how environmental concerns affect its operations. Research indicates that social entrepreneurs encounter a variety of difficulties, such as managing environmental laws and market reactions to climate-related threats, which may have a negative effect on their long-term viability and expansion opportunities (Ramya, 2024; Fazal et al., 2023; Mahardhani, 2023). Additionally, the resilience and general efficacy of social business strategies in accomplishing long-term social goals depend on the incorporation of environmental considerations. (Quddus, 2024; Skivko, 2021). This highlights a significant gap in literature that needs to be investigated further to improve social enterprises' ability to adapt to a rapidly shifting ecological landscape (Simanavicius et al., 2021).

## **Literature Review and Development of Hypotheses**

### **Theoretical Foundation**

Triple Bottom Line (TBL) theory, underpinning social entrepreneurship, has underscored the development of economic, social, and environmental performances as essential to sustainable development. This approach recognizes the necessity for businesses, particularly social enterprises, to achieve a balance among profit (economic), people (social), and planet (environment) to enhance their overall performance (Dwianto et al., 2024; Kurnia et al., 2023). The recognition of these interconnected dimensions enables social businesses to create shared value, mobilize resources effectively, and address pressing social and environmental challenges, thereby improving their viability and sustainability (Dyck & Caza, 2022; Asraf et al., 2024). Besides, the environment is most critical to be considered; with industries facing growing environmental pressures, adopting TBL practices emphasizing more environmentally friendly approaches is inevitable for enhanced immediate performance in operation and longer-term resilience (Asraf et al., 2024; Satar, 2022). The environmentally sustainably managed resources, according to the TBL paradigm, end up being at the service of the double goal of profitability and of ecological protection that are ineludibly necessary for the success of social enterprises in a new global reality (Taušl Procházková et al., 2021).

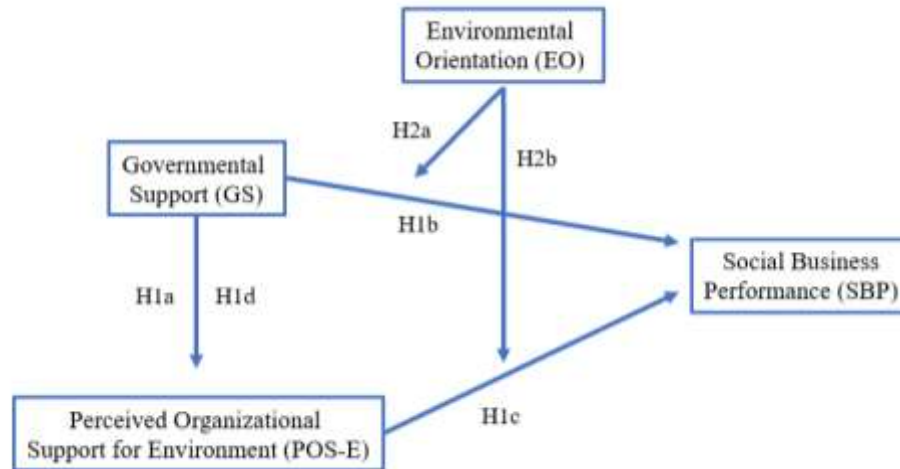


Figure 1. Conceptual Framework

### Governmental Support (GS), Perceived Organizational Support for Environment (POS-E), and Social Business Performance (SBP)

The interaction among governmental support, perceived organizational support for the environment, and social business performance is critical in fostering sustainable practices. Governmental support is at the forefront of encouraging companies towards innovative and sustainable practices, as seen in the case of Barbosa et al., who reference the ability of government programs to make a difference in firm practices that are pro-environmental and employment-generating across industries (Barbosa, 2024). Such governmental support necessarily goes hand-in-hand with the increasing focus on Environmental, Social, and Governance (ESG) factors in business models, which generally results in better business performance. A paper by Bisultanova indicates that incorporating ESG into investment choices promotes sustainability and allows financial institutions to make socially responsible choices, which can improve overall business performance (Bisultanova, 2023). In addition, combining those support systems presents an image of environmental activity organizational support, which translates to enhanced corporate social responsibility behavior and thereby business performance, as asserted by Sancha et al. (2022) and Baratta et al. (2023). Therefore, synergetic interaction among the above factors substantiates sustainable development goals to a great extent.

*H1a: GS has a positive influence on POS-E*

*H1b: GS has a positive influence on SBP*

*H1c: POS-E has a positive influence on SBP*

*H1d: POS-E mediates significantly the relation between GS and SBP.*

### Moderating Impact of Environmental Orientation

Research has shown for a long time that environmental orientation mediates social business performance. For firms in an environmentally conscious industry, an environmental orientation strategy has a synergistic effect of making them more proactive and responsive to environmental issues, which in turn leads to better business performance. Saleem et al. say that environmental

orientation inside and outside ensures a company's environmental commitment, which results in proactive behavior consistent with the values of sustainability and better performance (Saleem et al., 2021). Other studies found that the synergistic effect between strategic orientations such as environmental orientation affects business model innovation which is directly correlated to better corporate performance especially in industries where market dynamics is a dominant consideration (Han et al., 2022). By embedding environmental considerations into their operational and strategic frameworks, firms can leverage their environmental orientation to navigate market uncertainties more effectively, achieving greater competitive advantages and sustainability in performance (Magableh et al., 2024). Finally, a good environmental orientation not only puts a company in harmony with environmental objectives but also an impetus for innovative practices that drive social business performance.

*H2a: EO has a moderating impact on the relation between GS and SBP*

*H2b: EO has a moderating impact on the relation between POS-E and SBP*

## Methodology

This section will highlight the proposed and methodology for data collection, software for analyzing the data. However, the future researchers may also use other methodology for better understanding on this context from a different view. The methodology for primary data collection within the SME sector employs structured questionnaires distributed to relevant employees to gather empirical data. This approach is commonly utilized, as exemplified by Shehzad et al., who conducted a survey among 355 SME employees in Pakistan to investigate the impact of IT resources on frugal innovation (Shehzad et al., 2022). The collected data is then analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) techniques via Smart PLS software, which is noted for its flexibility in handling complex models and small sample sizes (Guo, 2022; Russo & Stol, 2021). The two-stage process of PLS-SEM—first assessing the measurement model from which relationships are validated, followed by hypothesis testing—enables robust insights into the variables affecting SME performance (Haron et al., 2021).

## Discussion

Although the fundamental conceptual framework presented in this paper may be helpful for examining Social Business Performance (SBP) in relation to environmental concerns, there is a great deal of room for further research to refine the framework and expound on the significance of the key elements. In connection with the elements that comprise the conceptual framework, this article also highlights the cooperation between the public and private sectors in support of the SBP with regard to SMEs. We would be able to better understand the function that GS, POS-E, and EO influence the SBP and offer specific recommendations to improve performance if this framework were tested in the future with regard to individual constructs:

1. Antecedent variables: How are the SBP affected by structural and cultural antecedents? In what ways can SBP provide an organizational framework that supports EO? How may Social

Business enhance their organizational learning, entrepreneurial inclination, market focus, and quality context? How might these aspects affect their performance?

2. SBP dimensions and assessment of other variables: What other antecedent factors could have an impact on SBP? Would it be more advantageous to look at each variable component separately in relation to each antecedent variable? Would it make more sense to create SBP measures specifically for SMEs?
3. Moderator: What is the relationship between EO and social business performance? Does EO have a different moderating function in SMEs than in bigger companies? In the case of SMEs, do environmental factors influence the link between SBP and other variables? How may SMEs modify their business plans to adapt to shifting environmental circumstances?
4. Relationship between overall EO and performance: To what extent does EO affect SBP? What distinguishes this from bigger companies? Does EO have varying effects on different performance dimensions? Does a SME's choice of strategy depend on the degree of EO?
5. Collaboration of government and private sector: Is the government's support enough to push the private sector for higher SBP? Is the GS strong enough? Is there any performance difference between GS and small and large organizations? Are the private organizations interested in Social Business? What are some opportunities and threats for private organizations to take the initiative for Social Business? Are private organizations interested in collaborating with the government to expand social business?

## **Conclusion**

The exploration of social business remains crucial for future studies, given its potential to address pressing societal challenges while fostering sustainable economic growth. This paper highlights a solution to enhance the performance of social business, as well as considering the collaboration of the government and private sectors, and environmental issues. Besides developing a conceptual framework from the view of Triple Bottom Line Theory, the study also offers several directions for future study on the relevant context of Social Business. These outcomes will help future researchers to have a better understanding of Social Business and prospective future research. On the other hand, the organizations, government, policy makers, and stakeholders can have deep insight from these studies. Moreover, this study, along with previous studies, highlighted the importance of further intensive research on Social Business. Social entrepreneurship not only alleviates poverty but also enhances community well-being by integrating socially responsible practices into business models. Moreover, the connection between social capital and entrepreneurial success highlights the importance of robust networks in promoting innovative solutions that benefit society. As businesses face an evolving landscape shaped by digital transformation and socio-ecological demands, continued research into social entrepreneurship can illuminate effective strategies for sustainable development and social welfare.

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