



Sustainable Performance Model and Strategy: A Conceptual Framework

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Abstract

This study is driven by the conditions of the energy sector, particularly the "oil field service industry," which serves as the central pillar of this sector. The significant drop in oil prices and the need for cost-cutting among oil and gas producers show the vulnerabilities in this sector, necessitating improvement. Generally, industries that support essential commodities must exhibit solid operational performance that intertwines with the corporate strategy, mitigating potential obstacles, challenges, and business risks to achieve sustainable performance. Thus, this research investigates how to develop a sustainable performance model for the industry to help it with current and future business challenges. A systematic literature review encompassed prior studies on sustainable business, performance, and risk management strategies. This study investigates the dynamic interaction between three primary constructs: (1) context-business sustainability, (2) content-performance management, and (3) process-strategy formulation. Finally, gaps in the existing literature were identified, and several future research directions were proposed.

Keywords: *Business sustainability, Performance management, Business risk.*

INTRODUCTION

Sustainability encompasses all aspects of businesses, bringing them into the public sphere for scrutiny and consideration (E. K. Chowdhury et al., 2023). This broader perspective can mitigate potential economic, social, ethical, governance, and environmental crises. Effectively promoting sustainability heavily relies on adopting integrated business processes and the efficient operation of these processes (Abdullah et al., 2017; Amado dos Santos et al., 2020).

The core premise is relatively straightforward: instead of evaluating businesses solely based on their products, departments, or purpose, they should be examined in terms of the processes they employ (Akanmu et al., 2023). Processes like the production of new goods, customer deliveries, and managing customer relationships significantly impact a company's core operational units, mainly when the company's structure revolves around distinct functions. Recognizing these critical business processes, which may not always have designated responsibilities within the existing organizational structure, can unveil the optimal conditions for driving substantial changes in cost-efficiency, speed, and quality. Corporations can focus on the most essential processes and decisions, ultimately contributing to their competitive edge (Al Issa, 2019). This strategic approach also lays a foundation for establishing a sustainable corporate advantage, even amidst external challenges. The proposed research initiative centers on exploring the concept of "sustainability" within a company's strategic approach to sustaining success despite varying internal and external conditions. Notably, the external environment is a significant factor that significantly influences a

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company's performance (Akanmu et al., 2023).

Performance management is a systematic set of procedures designed to align a company's overarching strategic objectives with the growth and performance of its employees (Aguinis, 2013; M. Armstrong, 2006). This management approach consists of two primary components: (1) an ongoing process and (2) alignment with strategic objectives. The continuous process involves consistent goal-setting, coaching, feedback, and continuous performance monitoring. The alignment facet necessitates managers to ensure that employees' actions and outputs harmonize with the broader organizational objectives, thereby validating their contributions to the company's competitive edge. In essence, performance management defines an employee's role within the company while establishing a clear link between the organization's objectives and the individual's performance (Alonso-Martinez et al., 2021).

Exploring sustainable performance has illuminated various valuable insights yet underscores critical limitations that warrant in-depth investigation and understanding. One such limitation resides in the divergent findings surrounding the intricate relationship between a firm's sustainability initiatives and overall profitability. While specific studies have identified a positive correlation, others have unveiled contradictory outcomes, including negative associations or an absence of discernible linkage (Abdulaziz-al-Humaidan et al., 2022). This intricate interplay underscores the complexity of aligning sustainability efforts with financial performance within organizational contexts.

Another significant limitation arises from the uncharted territory regarding the connection between quality practices and sustainable performance (Abdullah et al., 2017). This gap in the existing literature underscores the pressing need for a more profound exploration of how quality-focused strategies synergize with the broader sphere of sustainability. A comprehensive understanding of this relationship is crucial for comprehending how these combined efforts contribute to a company's overarching performance and resilience. Furthermore, transforming the prevailing business paradigm is a compelling imperative for effectively addressing contemporary sustainability challenges (Bannier et al., 2023). Adapting the existing business model is pivotal in fostering an environment where business practices seamlessly align with the intricate tapestry of sustainability imperatives, ensuring a harmonious coexistence between profitability and environmental, social, and ethical considerations (Su, 2018).

Within the current literature landscape on sustainability performance evaluation, a noteworthy issue is the demand for more balanced evaluation models that integrate well-defined criteria while accounting for the inherent subjectivity embedded in qualitative assessments (Abdullah et al., 2017). Striking this equilibrium is paramount for understanding sustainability performance comprehensively and avoiding potential biases that may skew evaluation outcomes. Adding to these considerations is the lack of a holistic framework for sustainability measurement, which has inadvertently led to duplications of effort and an incomplete framing of the underlying challenges [5]. To address this, a unified approach to measuring sustainability performance is vital, streamlining efforts and fostering a shared understanding of the complex terrain.

This study aspires to intricately examine the conceptual framework set forth for the sustainable performance model. With a systematic approach, it aims to meticulously explore the dynamic interplay among the three foundational constructs of the framework: context, content, and process. The research aims to unveil the nuanced and intricate connections underpinning sustainable business performance by delving into these dimensions. Through a systematic literature review approach, this study is dedicated to substantially contributing to the ongoing discourse concerning sustainable practices and their seamless integration into the overarching performance management framework (Amado dos Santos et al., 2020).

Evolution from Business Model to Sustainable Performance

Instead of scrutinizing businesses through the lens of their products, departments, or objectives, an alternate perspective, as highlighted by Alonso-Martinez et al. (2021), advocates examining them

based on their processes. This approach emphasizes the importance of processes that enable businesses to provide value, retain customers, and foster stakeholder trust, resulting in robust returns. Consequently, measurement should be directed toward processes that wield the most substantial influence on customer satisfaction and the attainment of financial goals.

Within an organization, strategic determinations are multifaceted. Corporate-level decisions stem from the company's business scope, encompassing sector and market choices, echoing Ali et al. (2018). At the business level, decisions include targeting specific market segments, formulating competitive product and service positioning, and identifying strengths for strategic leverage. These choices govern the organization's ability to attain and sustain competitive advantage while molding industry dynamics toward novel opportunities. Meanwhile, at the functional level, efforts are dedicated to streamlining operations within functions to establish or uphold competitive advantages.

Efficiently optimizing strategies, resources, and costs and augmenting business performance across exploration and production activities are vital for business continuity and survival. The adage "money saved is money earned" underscores this endeavor. Achieving this demands inventive ideas, paradigm shifts, novel perspectives, and innovative business approaches, as Chowdhury, S. (2016) endorsed. Scholars in this domain concur that companies must craft distinct business models tailored for specific and demanding circumstances. Additionally, socially driven enterprises provide alternative sources of innovative business models, as posited by (Akanmu et al., 2023).

The comprehension of the nuanced relationship between business model decisions and organizational performance is contingent on context and remains partial, as elucidated by Teece, David J. (2010). While hypotheses have been tested in specific instances (e.g., entry tactics for market innovators), further development is required before a conclusive mapping within the overarching theme of strategic studies.

Moreover, the business model encompasses candid conversations regarding strategic concerns, adaptable, collaborative strategies, and collective decisions rooted in adaptive alignment rather than technical centralization. This extends to more transparent processes for metrics and rewards among top management, promoting collaboration and contributions to specific unit or company performance, according to Doz, Yves L. & Kosonen, Mikko (2010). As we delve into the discussion above, a blueprint outlines the evolution from a conventional business model to a sustainable performance model, mirroring the presentation by Casadesus-Masanell, Ramon (2010), depicted in Figure 1.

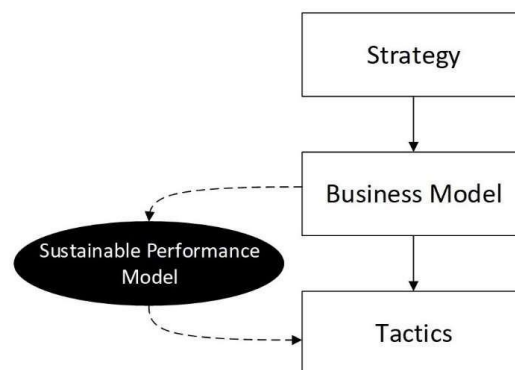


Figure 1. The formation of business model, adopted from Casadesus- Masanell, Ramon (2010)

METHODOLOGY

In order to comprehensively examine the conceptual framework for the sustainable performance model, a systematic literature review (SLR) was performed. The SLR process conducted in this study is shown in Figure 2. The initial step involved searching relevant literature through the Scopus database. The literature gathered contained the words ('sustainable performance' AND

'sustainability' AND 'MODEL') within their abstracts, titles, or keywords. A total of 435 articles were obtained from this initial phase. In the second stage, the documents were shortlisted, with documents from the most recent five years spanning from 2019 to 2023, resulting in 298 remaining documents. To ensure the documents obtained remained within the management domain, the third step involved removing documents irrelevant to business, management, and accounting. From this stage, only 118 documents were left. Subsequently, the study only considered documents categorized as 'article' type while excluding document types such as 'conference paper' and 'book chapter,' resulting in the remaining 99 articles. The final step was to ensure the relevancy of documents under analysis specific to sustainable performance. Thus, only documents containing keywords such as 'Sustainable Performance,' 'Sustainability,' or 'Performance Assessment' were retained in this step. In the end, a total of 65 documents remained for further analysis.

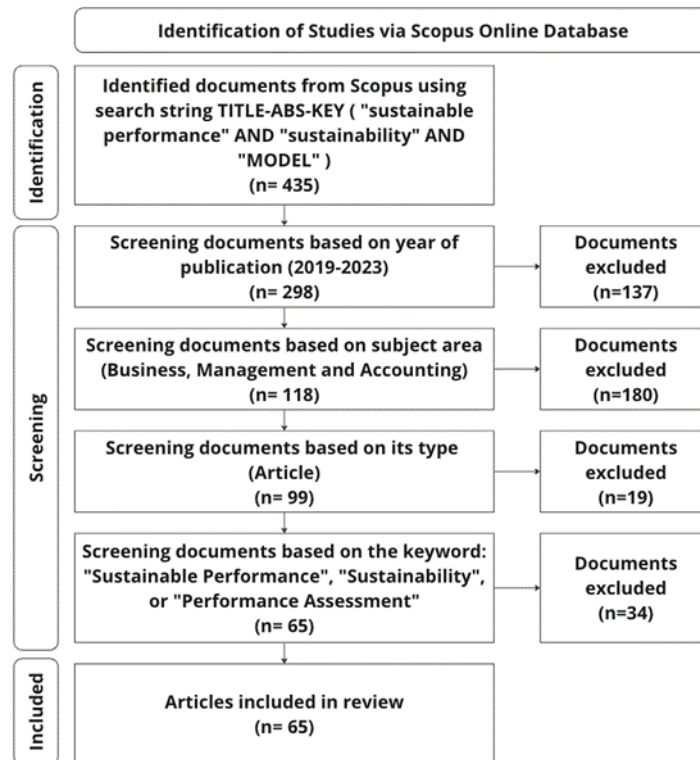


Figure 2. SLR process

FINDINGS AND DISCUSSION

Defining Sustainable Performance

| Author(s) | Definition | Categorization |
|---------------|--|--------------------|
| Abdulaziz-al- | Emphasize the business model as a conceptual | Business Model and |

| | | |
|--------------------------------------|---|--|
| Humaidan et al. (2022) | tool for analyzing, comparing, assessing performance, managing, communicating, and innovating business strategies. | Sustainability |
| Acosta-Prado & Tafur-Mendoza, (2022) | Introduce sustainable business model archetypes to facilitate the development of sustainable business models, aiming to establish a common language for research and practice. | Business Model and Sustainability |
| Amado dos Santos et al. (2020) | Outline components of a generic business model, including value proposition, supply chain, and customer interface. | Business Model and Sustainability |
| Benjamin et al., (2023) | Discuss business models as a framework for defining competitive strategies, product/service design, pricing, differentiation, and integration within value networks. | Strategic Focus and Value Proposition |
| Alonso-Martinez et al., (2021) | Describe the business model as a narrative and calculative tool that aids entrepreneurs in exploring markets and shaping market-related decisions. | Strategic Focus and Value Proposition |
| Neelam et al., (2020) | Define business sustainability as operational strategies aligned with sustainable development goals, necessitating commitment and reporting on overall sustainability performance. | Business Sustainability and Operational Strategies |
| Dey et al. (2019) | Classify corporate sustainability into social, environmental, and economic parameters, emphasizing its influence on research and empirical studies. | Business Sustainability and Operational Strategies |
| Wasan et al., (2023) | Present a performance management systems framework that extends from fundamental questions to aspects related to vision, organization structure, performance measures, and information utilization. | Performance Management and Improvement |
| Kafetzopoulos et al., (2019) | Highlight the importance of deploying and sustaining improvements through a business process approach, emphasizing information and value-adding process enhancements. | Performance Management and Improvement |
| Guzmán González et al., (2020) | Establish a solid positive relationship between Total Quality Management (TQM) practices and organizational performance, indicating that co-worker and organizational support moderate this relationship. | Relationship with Organizational Factors |
| Kouaib et al., (2020) | Offer a theoretical framework illustrating how internal social structures within organizations mediate the relationship between high-performance work systems (HPWS) and organizational performance. | Relationship with Organizational Factors |
| Pislaru et al. (2019) | Explore the connection between sustainable innovation and company performance, emphasizing radical and incremental innovation typologies within a socio-economic context. | Innovation and Performance |
| Benjamin et al., (2023) | Highlight the mediating role of customer, process, and performance management capability in the relationship between information management capability and firm performance. | Innovation and Performance |
| Rahi et al. (2023) | Underscore the influence of operations and | Operational Performance and |

| | | | |
|-------------------------------------|--|--|---|
| | | maintenance performance on company performance, particularly in sectors like oil and gas production. | Maintenance |
| Okoro et al. (2019) | | Critique the reduction of performance management to prescribed steps within administrative systems and its disconnection from day-to-day activities determining effectiveness. | Behavioral and Instrumental Dimensions of Performance |
| Acosta-Prado & Tafur-Mendoza (2022) | | Emphasize integrating instrumental and behavioral dimensions to create successful performance-driven organizations that achieve sustained results. | Behavioral and Instrumental Dimensions of Performance |

The compilation of analyzed literature sources significantly contributes to the comprehensive comprehension of sustainable performance across a spectrum of business contexts. The discourse traverses a myriad of themes, spanning from the foundational conceptualization of business models and the innovative construct of sustainable business archetypes to the intricacies of operational strategies, the intricate design of performance management systems, the catalytic role of innovation, the dynamics of organizational relationships, the nuanced assessment of operational performance, and the pivotal integration of behavioral and instrumental dimensions.

The conceptualization of business models, as initially posited by Osterwalder & Pigneur (2005), underscores their multifaceted nature as the cornerstone of operational paradigms. This conceptual foundation resonates harmoniously with the purpose-driven sustainable business model archetypes proposed by Benjamin et al., (2023), which aim to expedite the evolution of business models intrinsically aligned with sustainability imperatives. Building upon these notions, Okoro et al. (2019) delve into the elemental components of a generic business model, further revealing their profound influence on value propositions, supply chain orchestration, and the dynamics of customer interface.

As expounded upon by Pislaru et al. (2019) and Kouaib et al. (2020), business sustainability firmly establishes the paradigm shift towards operational strategies harmonized with sustainable development aspirations. This comprehensive approach finds an organic resonance with the holistic performance management systems framework artfully presented by Abdulaziz-al-Humaidan et al., (2022), encapsulating an array of organizational facets that interlace to orchestrate performance.

The imperatives of deploying improvements for sustained progress, as brought to the forefront by Wasan et al., (2023), illuminates the necessity of continuous and systematic enhancement to underpin sustainable performance. Acosta-Prado & Tafur-Mendoza (2022) investigation into the interplay between Total Quality Management (TQM) practices and organizational performance underscores the pivotal roles of co-workers and organizational support in shaping this relationship.

The strategic connection between innovation and performance, as dissected by (Amado dos Santos et al. (2020), showcases how innovation typologies and capabilities are pivotal drivers in shaping company performance. Additionally, the insightful analysis of operational performance by Liyanage & Kumar (2023) highlights the substantial implications of efficient operations, particularly in oil and gas production sectors.

Intriguingly, the convergence of behavioral and instrumental dimensions emerges as a compelling focal point. De Waal (2019) accentuates the indispensability of harmonizing these dimensions to attain sustained organizational excellence. Conversely, Pulakos (2019) challenges the reductionist stance of contemporary performance management, advocating for a more holistic and context-sensitive evaluation to gauge its effectiveness.

Sustainable Business

In the context of ongoing literature and business practice developments, a basic pattern of sustainable business models appears to have been formed. This pattern involves various methods and solutions that have the potential to support the development of business models that focus on aspects of sustainability (Bocken, NMP, Short, SW, Rana, P., & Evans, S., 2019). This approach aims to create a common language to accelerate research and implementation in building sustainable business models. This sustainable business model appears as a framework that considers how companies can run their operations while considering the dimensions of sustainability. This approach provides benefits in research, comparison, and performance evaluation and has significant implications regarding leadership, interpersonal interactions, and the more sustainable generation of new concepts.

A study has been conducted to collect various definitions of business models, sustainable business models, innovation business models, and sustainable innovation business models (Geissdoerfer, M., Vladimirova, D., & Evans, S., 2019). In addition, this study also analyzes how these concepts have similarities and differences, attempting to formulate a more precise and comprehensive definition. Furthermore, the study identified gaps between the design and implementation stages, revealed during the analysis of innovative sustainable business models. An illustration of this can be found in Figure 3 below.

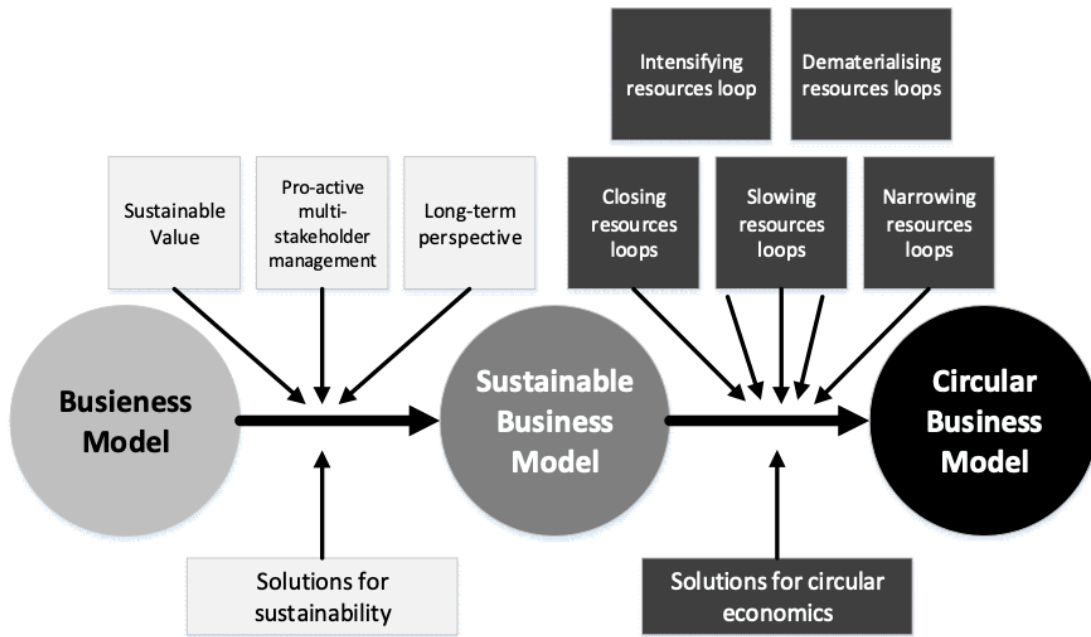


Figure 3. A sustainable and circular business model (Geissdoerfer et al., 2019)

A sequence of pivotal steps necessitates meticulous attention in establishing a sustainable business model. Primarily, the underpinning of a sustainable business model mandates the infusion of sustainable value across all facets of a company's operations. In parallel, engaging stakeholders in a proactive managerial approach becomes imperative to generate a lasting positive impact. Furthermore, an extended temporal outlook assumes a central role, ensuring that the business model comprehensively accommodates future implications.

As the trajectory moves towards adopting a circular business model, a suite of tangible measures becomes indispensable to effectuate this transformation. The foremost stride entails intensifying the resource cycle and optimizing resource usage for heightened efficiency. Subsequently, the focus pivots to resource cycle dematerialization, as concerted efforts are channeled towards curbing material and energy consumption. The third facet entails the strategic closure of resource cycles, maximizing resource reuse and recycling efficacy. The fourth facet underscores the pertinence of

decelerating resource consumption, strategically attenuating the growth rate of resource utilization to mitigate environmental impact. Finally, the fifth dimension involves resource cycle narrowing, advocating for judicious resource utilization through more constrained cycles.

Against the backdrop of a corporate landscape increasingly aligning with sustainability objectives, companies' role mandates a paradigm shift in operational paradigms. A sustainable and circular business model emerges as an indispensable compass, navigating endeavors to achieve sustainability milestones and curtail environmental footprints. By engendering the active participation of a diversified stakeholder network and operationalizing precise resource management protocols, companies stand poised to catalyze positive, sustainable impacts and perpetuate them in the long run.

In summary, establishing a sustainable business model predates integrating sustainable value across operational dimensions and proactively engaging stakeholders. As the transition towards circular business models gains prominence, concrete steps such as resource cycle intensification, dematerialization, closure, deceleration, and narrowing become pivotal for ushering in sustainable practices. As corporate landscapes increasingly emphasize sustainability, the role of companies assumes significance in redefining operational norms. A sustainable and circular business model emerges as a strategic guidepost, driving efforts to achieve sustainable objectives and minimize ecological footprints through stakeholder collaboration and meticulous resource management.

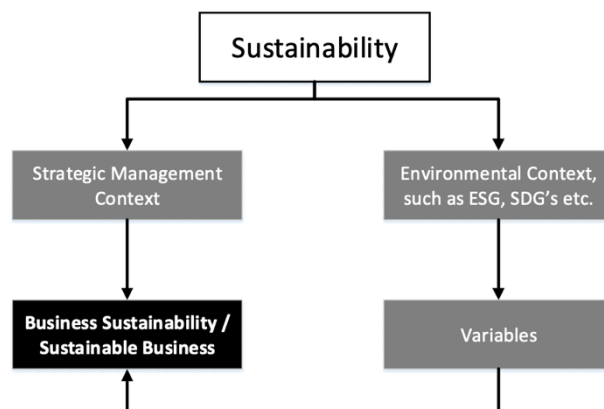


Figure 4. Sustainable Business Model

Performance Management

Performance management is an ongoing process that involves identifying, monitoring, and developing the effectiveness of individuals and teams in organizations. The main objective is to align productivity with the company's strategic goals. This concept has two main components: a continuous process and consistency with strategic goals. Firstly, the performance management process occurs continuously, from setting goals and targets continuing with performance tracking, to providing and receiving feedback and guidance. Secondly, performance management requires managers to ensure that employees' actions and work results align with organizational goals and contribute to the company's competitive advantage (Abdullah et al., 2017; Bieńkowska, 2020).

Traditional performance measurement processes often aim to monitor and improve current business processes. However, a fundamental difference between standard performance measurement techniques and the Balanced Scorecard (BSC) is revealed, given internal business processes. The BSC approach is more holistic, considering multiple perspectives spanning finance, customers, internal business processes, and learning and growth. This leads to a more balanced and holistic organizational performance measurement, not just focusing on one aspect (Abdi & Singh, 2022).

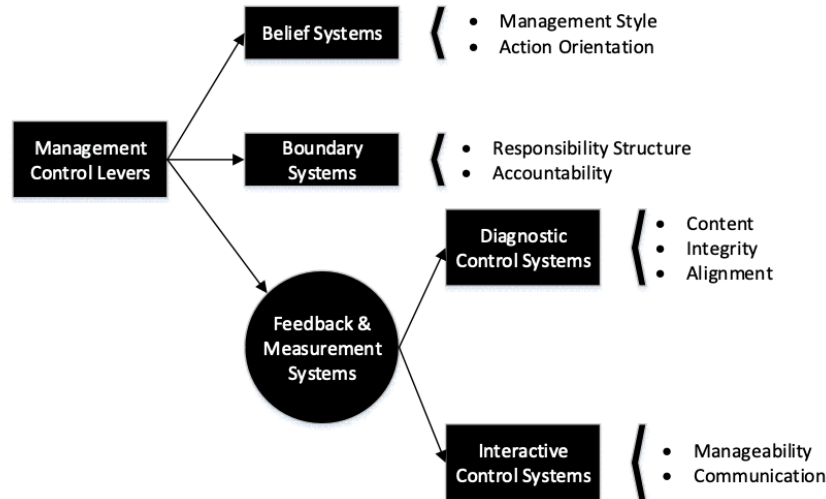


Figure 5. Model of performance-driven behavior, A. de Waal (2019)

In the context of increasing organizational success, it is necessary to emphasize that better performance can be achieved through performance-driven behavior. This approach emphasizes integrating instrumental and behavioral aspects in a performance management system. Thus, the organization is concerned with achieving numbers and motivating employees to adopt behaviors that support organizational goals holistically and sustainably de Waal, A. (2019).

Sustainability in business has three main dimensions: social, environmental, and economic. Sustainable business does not only consider economic aspects but also its impact on society and the environment. Companies focusing on sustainability strive to balance profit, social impact, and environmental preservation. This concept has become an essential strategy during increasingly fierce market competition. Through research and application of sustainable concepts, companies hope to obtain long-term benefits involving sustainability and growth Akanmu et al. (2023).

In running a sustainable business, corporate sustainability covers financial performance and pays attention to social and environmental performance. Performance management that integrates sustainability is essential to ensure alignment between organizational goals, stakeholder interests, and impacts on society and the environment. Therefore, effective performance management measures quantity and numbers and encourages behavior supporting sustainability values.

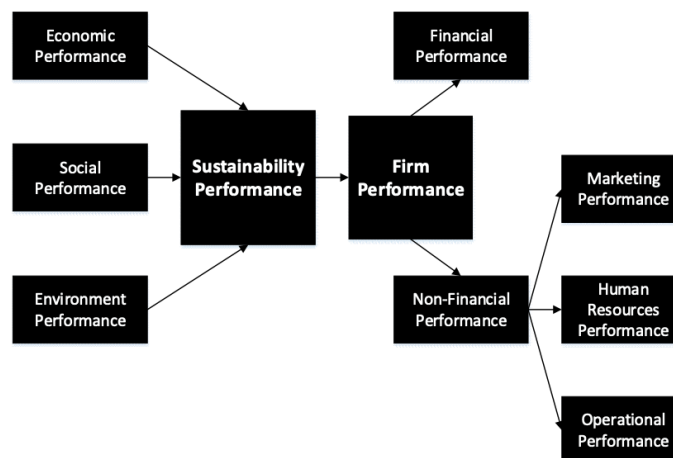


Figure 6. Future research framework about Sustainable Performance from Praveen Goyal and Zillur Rahman & A.A. Kazmi (2013)

Process - Strategy Formulation

In the literature review and analysis realm, a discernible pattern emerges in developing sustainable business models. This pattern, illuminated through the works of Beckman and Rosenfield (2008), delves into the core capabilities of companies spanning functional areas such as Operations, Marketing, Research and Development, Human Resources, Finance, and Accounting, as well as extending to external supply chain partners. This mosaic of knowledge forms the basis for constructing and evolving sustainable business models.

Central to the sustainable business model (SBM) is a tripartite approach that underscores the bottom line, accommodating the multifarious interests of stakeholders, including environmental and societal concerns. Agudo et al. (2015) present an archetype of the sustainable business model, dissecting a gamut of processes and solutions that contribute to the evolution of such models. Their work advances eight archetypal models: enhancing resource and energy efficiency, creating value from 'waste,' transitioning to renewable and natural processes, offering functions over ownership, adopting stewardship roles, advancing self-sufficiency, reusing assets for societal and environmental gains, and fostering measurable solutions. This archetype fosters a point of departure for the broader expansion and consolidation of research agendas centered around sustainable business models.

Integrating sustainable performance into the Sustainability Risk Management Framework is a robust validation methodology for the sustainable performance model. Deloitte Southeast Asia Ltd. (2019) underscores essential dimensions for optimizing stakeholder value and organizational success. This paradigm hinges on corporate strategy as a foundational element in enhancing the pertinence of sustainability-linked information in business and investor decision-making. It concedes the dual facets of performance, acknowledging its potential for gains and risks. A risk-based approach, especially concerning Environmental, Social, and Governance (ESG) performance, paints a comprehensive landscape for aligning company goals with investor and societal expectations. The onus of harmonizing policy and procedural management with diverse stakeholder ESG requisites rests on the shoulders of directors, ensuring a responsible and aligned approach.

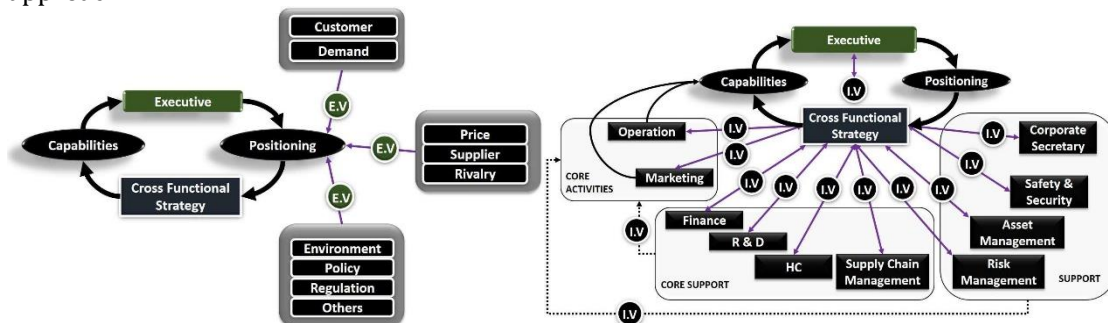


Figure 7. Initial Proposed Model of 'Sustainable Performance Model' with Internal Variables, adopted from Beckman, SL, & Rosenfield, D. B. (2008)

Consequently, this literature review underscores the criticality of cultivating relationships, engendering trust, and embracing transparency with core stakeholders. This perspective, guided by the Sustainable Development Goals (SDGs), serves as a prism through which the framework acquires a panoramic view of sustainable risks encountered by the company. This culmination of insights is encapsulated in Figure 11, encapsulating the sustainable framework within the sphere of performance, accounting for diverse stakeholders and the exigent risks integral to the trajectory toward sustainability. This review accentuates the urgency of integrating sustainability into risk management and performance, propelling companies toward long-term value creation for their enterprises and stakeholders (Tseng et al., 2019; Xu et al., 2023).

In analyzing the literature, a distinctive thread emerges, interwoven with the concepts of the Sustainable Risk Performance Framework proposed by Deloitte (2019). This framework stands as a comprehensive methodology to validate the model of sustainable performance, as expounded in the review. Deloitte's framework provides a lens through which critical aspects are highlighted,

crucial for optimizing stakeholder value and organizational success. This alignment resonates with the overarching theme presented by Beckman and Rosenfield (2008), wherein the core capabilities of diverse functional areas intersect to foster sustainable business models.

The Sustainable Risk Performance Framework, elucidated by Martínez-Falcó et al. (2023), links sustainable performance to corporate strategies. This paradigm underscores the significance of incorporating sustainability-linked information in business and investor decision-making processes, aligning with the primary goal of the reviewed literature. The framework acknowledges that performance is a two-edged sword, capable of gains and risks. This duality parallels the essence of sustainable business models highlighted by S. Chowdhury et al. (2022), where processes and solutions are devised to leverage opportunities while mitigating risks.

Through a risk-based lens, the Sustainable Risk Performance Framework provides an intricate mosaic of insights. Regarding the sustainable performance archetype discussed, Deloitte's methodology addresses Environmental, Social, and Governance (ESG) imperatives. This framework enhances understanding of the intricate interplay between business objectives, stakeholder expectations, and potential risks. Such an approach mirrors the review's emphasis on stakeholder relationships and transparency as foundational elements for a sustainable business ecosystem.

As illuminated by the literature, the Sustainable Risk Performance Framework underscores the central role of company directors in managing policies and procedures that align with diverse ESG stakeholder requirements. This aligns with the overarching theme of the literature review, which advocates for strategic engagement with stakeholders and integrates sustainability concerns into operational and decision-making frameworks (Sislian & Jaegler, 2022).

In summary, the literature review and the Sustainable Risk Performance Framework converge in their shared goals of embedding sustainability into corporate strategies, optimizing stakeholder values, and mitigating risks. Both emphasize the multi-dimensional nature of performance and recognize the pivotal role of stakeholders in shaping sustainable business models. The reviewed literature is a foundational pillar that substantiates the framework's essence, providing a research-based trajectory for organizations aspiring to integrate sustainability seamlessly into their operations and decision-making processes.

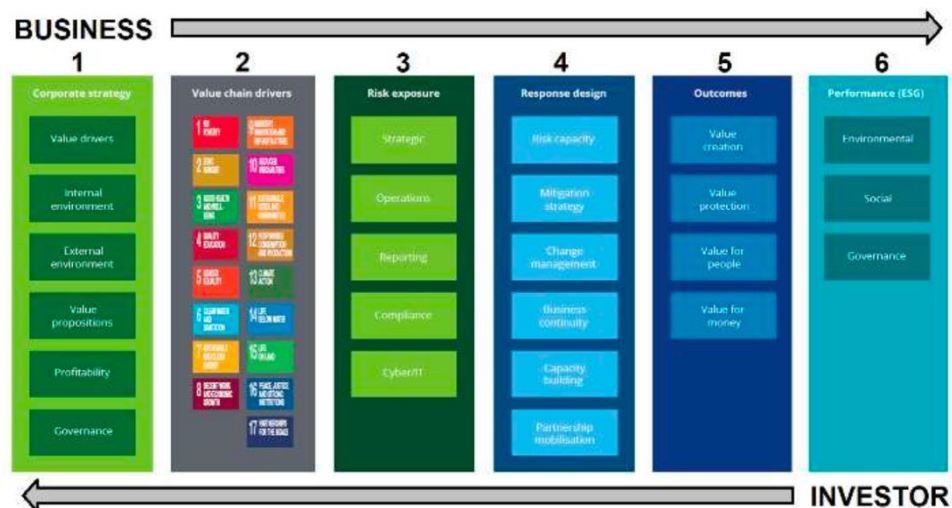


Figure 8. Sustainable Risk Performance Framework, Deloitte (2019)

Discussion and Further Research

Based on the comprehensive literature review findings, a notable pattern emerges in the focus distribution among research studies. Approximately 90 percent of the examined journals primarily delve into the internal variables of industries or companies that constitute the subjects of investigation. In contrast, a smaller proportion, approximately 10 percent, of the journals address

external variables. However, among the subset of studies that center around sustainable business and performance strategy, sustainable business considerations contribute to around 40 percent of the research, while performance in business accounts for approximately 50 percent. The confluence of these two aspects termed sustainable performance, constitutes the remaining 10 percent. Notably, prevalent frameworks and analytical tools have predominantly been applied to internal variables, resulting in an analytical scope that requires expansion.

For this study, a pivotal development is to broaden the analytical framework from merely encompassing internal variables to one that interconnects internal and external variables. This advanced framework holds the potential to illuminate the interplay between these dimensions, including their respective weights, impacts, and causal relationships. In effect, this framework envisions the creation of a robust and holistic model that more accurately reflects the multifaceted dynamics within sustainable business performance.

This research reveals a gap in the literature, as the current analytical frameworks largely confine their scope to internal variables. In contrast, the external variables that exert considerable influence remain comparatively underexplored. Hence, an essential avenue for further research lies in developing and applying an integrated framework that can holistically capture the complex interdependencies between internal and external variables. By extending this analytical reach, researchers could gain deeper insights into the intricate relationships that underpin sustainable business performance.

Additionally, as sustainable business practices and performance are increasingly pertinent topics, future research endeavors can be directed toward expanding the understanding of the nuances of sustainable business and performance strategies. This entails scrutinizing how the interactions between internal and external variables shape the achievement of sustainable business objectives. Such research could identify novel avenues for enhancing organizational performance while aligning with sustainability imperatives.

Furthermore, categorizing internal and external variables, as depicted in Figure 12 below, is a foundational step toward elucidating the intricate network of influences. Future research could refine this categorization and establish quantifiable relationships between these variables, ultimately culminating in a comprehensive framework that captures the holistic landscape of sustainable business performance determinants.

In conclusion, this study's findings offer a launching pad for further research to bridge the gap between internal and external variables in the context of sustainable business performance. By broadening the analytical lens and exploring the intricate dynamics at play, researchers can contribute to formulating more robust and accurate models that guide organizations toward sustainable success.

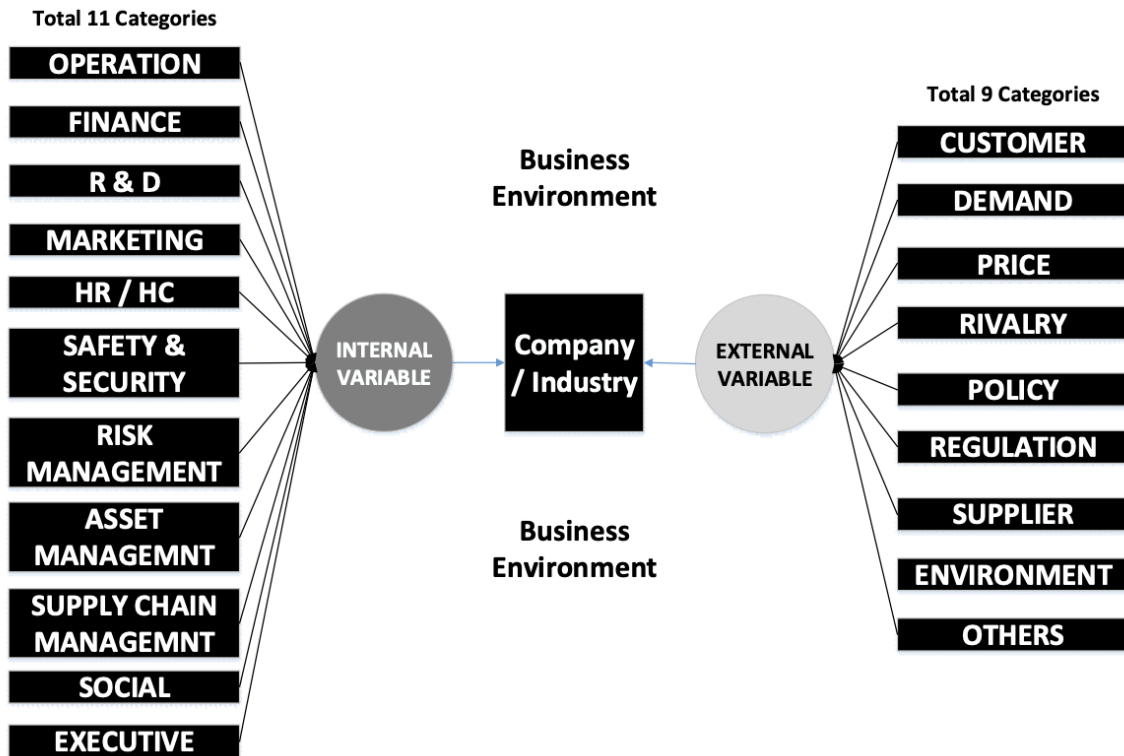


Figure 9. Conceptual Framework

CONCLUSIONS

In the dynamic landscape of business and evolving literature, a distinct pattern has emerged, shaping the foundation for sustainable business models. This pattern signifies the convergence of methods and solutions that hold the potential to drive the development of business models grounded in sustainability principles. The essence lies in creating a common language that expedites research and implementation for constructing sustainable business models, which inherently consider the dimensions of sustainability. This holistic approach facilitates research and comparison and holds substantial implications for leadership dynamics, interpersonal relationships, and the generation of innovative concepts.

The study's exploration encompassed the synthesis of various definitions surrounding business models, sustainable business models, and their intersections with innovation. This inquiry led to a refined understanding of these concepts and revealed gaps in translating innovative, sustainable business models from design to implementation. As the journey towards a circular business model gains prominence, a nuanced sequence of steps emerges, emphasizing resource cycle optimization, decelerated consumption, and strategic closure. In an era where sustainability has become paramount, companies play an instrumental role in redefining operational paradigms. The sustainable and circular business model emerges as a strategic guidepost, steering efforts toward sustainable objectives and minimizing ecological footprints through stakeholder collaboration and meticulous resource management.

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