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Research Paper

Micro, Small, and Medium Enterprises (MSMEs) and Sustainable Business Practices in Indonesia: A Systematic Literature Review

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Abstract

Micro, small, and medium enterprises (MSMEs) are central to Indonesia's economy, yet their contributions to employment and output do not automatically translate into sustainable business practices. Recent evidence also indicates substantial barriers to adopting green practices. This review synthesizes research on environmental, social, and economic sustainability among Indonesian MSMEs and identifies the internal capabilities and external conditions that enable or constrain implementation. The study is designed as a qualitative systematic literature review of peer-reviewed journal articles on Indonesian MSMEs published during 2021–2026. The revised protocol specifies a Scopus search across title, abstract, and keyword fields using terms for MSMEs, sustainability, and Indonesia. The final search date and study-selection counts must be inserted from the actual Scopus search history and screening log: ("MSMEs" and "Sustainability Business"). The evidence is organized into three sustainability dimensions—environmental, social, and economic—while financial capability, leadership, technology, governance, and stakeholder networks are treated as enabling conditions. The candidate literature gives comparatively greater attention to environmental and economic practices, whereas the social dimension is less consistently operationalized. The review integrates the Triple Bottom Line with resource-based and stakeholder perspectives to explain how internal capabilities and external pressures shape sustainability practices and business outcomes in Indonesian MSMEs. The final synthesis depends on completion of the Scopus search verification and PRISMA screening record; the review also relies on secondary literature and does not provide primary empirical validation.

Keywords: *MSMEs, Sustainable business practices, Triple Bottom Line, Environmental sustainability, Social sustainability, Economic sustainability, Indonesia*

INTRODUCTION

Background and research context

Micro, small, and medium enterprises (MSMEs) are a major component of Indonesia's economy and a significant source of employment. An official 2025 release from the Ministry of MSMEs, drawing on data from the Ministry of Cooperatives and SMEs, reports more than 64.2 million MSME units; the sector absorbed more than 123 million workers (around 97% of national employment) and contributed 61.07% of gross domestic product in 2023 (Kementerian Usaha Mikro, Kecil, dan Menengah Republik Indonesia, 2025). A separate government release also reports that MSMEs account for more than 60% of GDP and almost 97% of employment (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2025). These figures underscore the economic importance of MSMEs, but they do not, by themselves, demonstrate that business growth is environmentally responsible or socially inclusive.

The transition toward sustainable business practices remains uneven. A study by the Faculty of Economics and Business at Universitas Gadjah Mada, conducted in collaboration with Bank Indonesia and involving 631 MSMEs in agriculture, trade, and manufacturing, found that 87.81% of participating MSMEs had not adopted green business practices, while 12.19% had adopted them

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only partially (Universitas Gadjah Mada, Fakultas Ekonomika dan Bisnis, 2025). The study identified barriers related to financing infrastructure, investment costs, regulatory complexity, limited incentives, knowledge, and organizational capability. The findings should be interpreted within the study's sample and design rather than treated as a complete national census.

Sustainable business practices in MSMEs should be understood through three interconnected dimensions. Environmental sustainability concerns resource and energy use, materials, and waste management; social sustainability concerns employees, customers, communities, equity, and decent work; and economic sustainability concerns the enterprise's long-term viability, productivity, competitiveness, and resilience. These dimensions are interdependent: environmental improvements may require investment, social practices may affect workforce stability and customer relationships, and economic viability can determine whether sustainability initiatives can be sustained over time.

Research gap and contribution

Recent Indonesian research has begun to examine green supply chains, environmental orientation, business and social sustainability, financial inclusion, and organizational capabilities. A recent systematic review has mapped Triple Bottom Line implementation in Indonesian MSMEs across a broad body of literature, while other work has focused on stakeholder engagement and sustainability-related marketing (Wahyudi et al., 2025; Nosi et al., 2025). These contributions provide useful overviews, but they do not eliminate the need for a focused synthesis that distinguishes sustainability outcomes from the financial, governance, technological, and institutional conditions that enable them.

The specific gap addressed in this review is therefore not a lack of research but the limited integration of three questions within a recent Indonesian MSME evidence base: which environmental, social, and economic practices are reported; which internal and external factors enable or constrain their adoption; and what business or social outcomes are associated with those practices. The revised review separates the three sustainability dimensions from cross-cutting enablers so that financial management and governance are not mistakenly treated as substitutes for environmental or social sustainability.

Accordingly, this study aims to synthesize recent scholarly evidence on sustainable business practices among Indonesian MSMEs, identify the key drivers and barriers to implementation, and examine reported outcomes for business performance and resilience. Its contribution is an integrative conceptual framework that links internal capabilities and external stakeholder or institutional pressures to the three dimensions of the Triple Bottom Line.

Research questions

RQ1. Which environmental, social, and economic sustainability practices have been examined among MSMEs in Indonesia?

RQ2. What internal capabilities and external conditions enable or constrain the adoption of these practices?

RQ3. Which organizational, economic, social, and environmental outcomes are associated with sustainability practices in Indonesian MSMEs?

LITERATURE REVIEW

Sustainability and the Triple Bottom Line

SET explains how relationships are developed and maintained through social exchanges between individuals and organizations. The theory suggests that people form relationships by The

Triple Bottom Line (TBL) provides the primary organizing framework for this review. It treats business sustainability as the integration of economic viability, environmental responsibility, and social well-being rather than as a single performance indicator (Elkington, 1997). In the MSME context, the environmental dimension includes resource efficiency, waste reduction, cleaner production, and responsible sourcing; the social dimension includes fair employment, employee development, safety, inclusion, and community relationships; and the economic dimension includes productivity, market access, profitability, competitiveness, and continuity.

Financial management, governance, leadership, and digital capability are not additional TBL dimensions. They are enabling conditions that can help MSMEs plan, finance, implement, monitor, and sustain practices across the environmental, social, and economic dimensions. This distinction is important because a firm may improve bookkeeping or governance without necessarily reducing its environmental impact or improving employee and community outcomes.

Environmental sustainability practices

Environmental sustainability in Indonesian MSMEs is commonly discussed in terms of green technology, environmental orientation, green product development, green supply-chain management, and pro-environmental behavior. Ardhiyansyah and Juniansyah (2024) report that environmental orientation, technology implementation, and green marketing contribute to innovation capability and business sustainability among Indonesian MSMEs. In Surabaya, Handayani et al. (2026) find that green transformational leadership and green vision are positively associated with green product development, with green technology serving as a mediator. These studies converge in treating environmental practices as organizational processes that require both strategic direction and operational capability.

Evidence from supply-chain research similarly suggests that environmental practices are shaped by external pressures and collaboration. Ernawati et al. (2025) identify external drivers as influential in green management practices and report relationships with green environmental, social, and economic performance. Fauzan and Sudrajat (2025), examining culinary MSMEs in West Java, report that sustainable supply-chain practices are positively associated with business performance through operational efficiency, customer satisfaction, and market reputation. Naparin (2025), in a study of wetland-based MSMEs, links planned behavior, perceived moral obligation, and green intention to pro-environmental behavior and environmental sustainability.

The evidence also cautions against assuming that environmental initiatives automatically yield immediate financial returns. D'Souza et al. (2025) report that environmental practices do not necessarily create performance opportunities in the same way social practices do in their Indonesian SME sample. Combined with the barriers identified in the FEB UGM–Bank Indonesia study, this suggests that investment costs, access to financing, market demand, and institutional support can influence whether green practices are adopted and whether their benefits are realized.

Social sustainability practices

Social sustainability concerns the effects of business activity on employees, customers, communities, and broader social relationships. Relevant practices include fair and safe working conditions, employee training and development, inclusion, equitable treatment, customer responsibility, community engagement, and the development of social capital. The social dimension is not reducible to corporate philanthropy: it also concerns the quality of employment and the distribution of benefits and burdens created by business operations.

Direct evidence from Makassar demonstrates the relevance of social sustainability to MSME development. Ansar et al. (2025), using data from 300 MSME owners and managers, examine social justice and equity, social capital, and social cohesion, and identify significant relationships between

social sustainability and the economic and environmental dimensions. D'Souza et al. (2025) also examine social practices in Indonesian SMEs and report that barriers to sustainability can negatively affect these practices, while social practices are part of the relationship between business motivation and firm performance.

Social considerations are also evident in studies of sustainable supply chains and work ethics. Fauzan and Sudrajat (2025) explicitly include social practices alongside environmental and economic practices in culinary MSME supply chains. Ernawati et al. (2025) incorporate green social performance into their integrated green supply-chain model. Febriani et al. (2025) examine Islamic leadership values, financial behavior, and work ethics in Indonesian MSMEs, providing evidence that ethical leadership and workplace conduct can be relevant to business sustainability. Taken together, these studies broaden the social dimension beyond community programs to include workplace relationships, equity, and ethical business conduct.

Compared with environmental and economic topics, social sustainability is less consistently operationalized in the available candidate literature. Studies use different indicators—including social justice, social capital, cohesion, work ethic, and social performance—which limits direct comparison. This measurement heterogeneity is an important research gap and underscores the need for more consistent indicators of decent work, employee well-being, inclusion, and community outcomes.

Economic sustainability practices

Economic sustainability is the capacity of an MSME to remain viable and competitive while maintaining the resources needed to continue operating. It encompasses productivity, cash-flow resilience, financial access, innovation, market diversification, customer relationships, and long-term business continuity. Muafi and Roostika (2022) frame business sustainability in Indonesian MSMEs using a model that emphasizes the strategic role of organizational resources. Riswandi and Fitria (2024), based on a survey of 325 MSMEs, report positive relationships among sustainable development practices, business networks, financial inclusion, market competitiveness, and firm performance.

Financial and managerial capabilities also shape economic sustainability. Kurniasari et al. (2026) examine women-led Indonesian MSMEs and report that financial literacy supports financial inclusion and access to credit, with financial intermediaries strengthening these pathways to improved business performance. Ardhiyansyah and Juniansyah (2024) link environmental orientation, technology, green marketing, and innovation capability to business sustainability, while Fauzan and Sudrajat (2025) associate sustainable supply-chain practices with performance outcomes in culinary MSMEs. These findings indicate that economic sustainability is not simply short-term profitability; it is the ability to maintain operations, adapt to market changes, and invest in improvements.

At the same time, the literature does not suggest that all sustainability investments yield immediate financial gains. D'Souza et al. (2025) report distinct performance pathways for environmental and social practices, while the FEB UGM–Bank Indonesia study highlights high upfront investment costs and limited green-finance infrastructure. The economic dimension therefore requires balancing near-term affordability with long-term value creation.

Enabling conditions: resource-based and stakeholder perspectives

The resource-based view (RBV) explains why internal resources and capabilities matter for sustained competitive advantage (Barney, 1991). For MSMEs, relevant resources include financial literacy, managerial competence, employee skills, technology, innovation capability, organizational learning, and the ability to coordinate limited resources. These capabilities do not, in themselves,

constitute sustainability outcomes; rather, they influence whether environmental, social, and economic practices can be designed and maintained. Evidence on green leadership and technology adoption (Handayani et al., 2026), financial capability (Kurniasari et al., 2026), and innovation capability (Ardhiyansyah & Juniansyah, 2024) is consistent with this perspective.

Stakeholder theory holds that firms depend on relationships with actors who affect or are affected by business activity, including employees, customers, suppliers, communities, government agencies, and financial institutions (Freeman, 1984). In MSMEs, stakeholder expectations can influence access to markets, supply-chain participation, financing, and legitimacy. Indonesian evidence highlights the roles of supply-chain partners, regulatory pressure, business networks, and institutional support in shaping sustainability practices (Ernawati et al., 2025; Fauzan & Sudrajat, 2025; Riswandi & Fitria, 2024). The FEB UGM–Bank Indonesia findings further indicate that finance, incentives, regulatory clarity, and capacity-building support can reduce barriers to green adoption.

The combined framework therefore treats TBL as the outcome domain and RBV and stakeholder theory as explanatory perspectives on the conditions that shape adoption. This approach avoids conflating financial governance with sustainability itself while recognizing that internal capabilities and external relationships are often necessary for implementation.

Integrative conceptual framework

Table 1 presents a conceptual synthesis derived from the literature. Internal capabilities and external stakeholder or institutional conditions influence the adoption of environmental, social, and economic practices. These practices are linked to operational, social, and economic outcomes, and observed outcomes may feed back into learning, capability development, and future investment. The table is a conceptual synthesis of the reviewed literature and is not a causal model empirically tested by this review.

Table 1. Integrative framework linking enabling conditions, the Triple Bottom Line, and MSME sustainability outcomes

Enabling conditions	TBL sustainability practice domains	Potential / observed outcomes
INTERNAL • Financial literacy and planning • Leadership and managerial competence • Technology and innovation capability • Learning and organizational routines EXTERNAL • Regulation and public support • Finance and green incentives • Customer and supply-chain pressure • Business networks and institutions	ENVIRONMENTAL • Resource and energy efficiency • Waste prevention and circularity • Green technology and sourcing SOCIAL • Fair work and employee development • Equity, safety, and inclusion • Community engagement and social capital ECONOMIC • Business continuity and productivity • Market access and competitiveness • Financial resilience and innovation	• Operational efficiency • Employee and community well-being • Stakeholder trust and legitimacy • Market competitiveness • Organizational resilience • Long-term business viability

RESEARCH METHOD

Review design and reporting standards

This study adopts a qualitative systematic literature review (SLR) to synthesize peer-reviewed research on sustainable business practices among Indonesian MSMEs. The review is structured in accordance with the PRISMA 2020 reporting guideline, which recommends transparent reporting of information sources, search strategies, study selection, exclusions, and the final number of included studies (Page et al., 2021). PRISMA is used here as a reporting framework; it does not replace the substantive thematic analysis.

Database, search fields, and search strategy

Scopus is specified as the bibliographic database. The search should cover the title, abstract, and author-keyword fields using the Scopus TITLE-ABS-KEY function. The review period is 2021–2026, with the exact start and end dates to be aligned with the final search date. The original manuscript did not preserve the complete search history or export; therefore, the authors must confirm that the following revised search string was executed or rerun it before submission:

> **TITLE-ABS-KEY (("micro, small and medium enterprise*" OR MSME* OR SME* OR UMKM OR "small business*") AND (sustainab* OR "sustainable business" OR "green business" OR "green practice*" OR "environmental sustainability" OR "social sustainability" OR "sustainable supply chain" OR "triple bottom line") AND (Indonesia OR Indonesian))**

The search should be tested against known relevant records (for example, the studies by Naparin (2025), Ansar et al. (2025), D'Souza et al. (2025), and Handayani et al. (2026)) to assess whether the search terms retrieve relevant Indonesian MSME sustainability research. The exact query executed, database filters, and export date should be retained as supplementary material.

Eligibility criteria and source classification

Studies are eligible for the analytic corpus if they (a) are peer-reviewed journal articles; (b) were published during the 2021–2026 review period; (c) examine MSMEs in Indonesia or report a clearly distinct Indonesian MSME sample; and (d) address at least one environmental, social, or economic sustainability practice, driver, barrier, or outcome. Empirical studies and conceptual articles published in journals may be considered if their relevance to the research questions is explicit.

Conference proceedings, book chapters, edited volumes, dissertations, editorials, non-peer-reviewed reports, studies conducted outside Indonesia, and articles that do not provide MSME-specific sustainability evidence are excluded from the analytic corpus. Government statistics and institutional reports may be used to establish the national context but are not counted as included studies. Previous systematic reviews may be used to position the research gap but should not be combined with primary empirical studies in the evidence matrix unless the review explicitly aims to synthesize review-level evidence.

Table 2 is a provisional candidate matrix reconstructed from the source manuscript and additional relevant publisher records. It must not be considered the final included corpus until each record is confirmed in the Scopus export and assessed against the eligibility criteria. The authors should remove any candidate that was not retrieved by the executed search or that does not meet the stated criteria.

Table 2. Provisional evidence matrix of candidate studies

Candidate study	Journal/publication details	Context/design reported	Sustainability focus	Eligibility
Muafi & Roostika (2022)	International Journal of Sustainable Development and Planning, 17(1), 207–217	Indonesia; sustainability-model article	Business sustainability model; internal resources and capabilities	Confirm Scopus record
Ulfah et al. (2024)	Jurnal Indonesia Sosial Teknologi, 5(7), 3314–3322	Qualitative case study; one MSME in Central Kalimantan	Sustainability mindset and operational practices	Confirm Scopus record
Ardhiyansyah & Juniansyah (2024)	Jurnal Riset Ekonomi Manajemen (REKOMEN), 7(2), 369–394	Survey; 350 Indonesian MSMEs; PLS-SEM	Environmental orientation, technology, green marketing, innovation, business sustainability	Confirm Scopus record
Riswandi & Fitria (2024)	Journal of Management and Business (JOMB), 6(3), 1315–1334	Survey; 325 MSMEs; PLS-SEM	Sustainable development, networks, financial inclusion, competitiveness	Confirm Scopus record
Ernawati et al. (2025)	Business Review and Case Studies, 6(1), 49	Survey; 459 MSME respondents; CB-SEM	Green supply chain; green economic, social, and environmental performance	Confirm Scopus record
Fauzan & Sudrajat (2025)	Journal of Management and Digital Business, 5(2), 585–602	Survey; 292 culinary MSMEs; SEM-PLS	Environmental, social, and economic sustainable supply-chain practices	Confirm Scopus record
Naparin (2025)	Cogent Social Sciences, 11(1), 2488115	Survey; 170 wetland/Purun craft MSMEs	Theory of planned behavior, moral obligation, green intention, pro-environmental behavior	Confirm Scopus record
Ansar et al. (2025)	Frontiers in Sustainability, 6, 1545072	Survey; 300 MSME owners/managers in Makassar	Social justice/equity, social capital, and social cohesion	Confirm Scopus record
D'Souza et al. (2025)	Sustainable Development, 33(5), 6639–6658	Survey; 305 Indonesian SMEs	Institutional pressures, resource-based capabilities, social/environmental practices, firm performance	Confirm Scopus record
Febriani et al. (2025)	Multidisciplinary Reviews, 9(7), 2026271	Quantitative study; MSME owners; verify sample details in full text	Islamic leadership values, financial behavior, work ethics, business sustainability	Confirm Scopus record
Handayani et al. (2026)	Discover Sustainability, 7, 61	Survey; 363 Surabaya MSMEs	Green leadership, green vision, green	Confirm Scopus

		already engaged in green initiatives	technology, green product development	record
Kurniasari et al. (2026)	Social Sciences & Humanities Open, 13, 102443	Women-led Indonesian MSMEs; verify sample details in full text	Financial literacy, financial inclusion, credit access, and business performance	Confirm Scopus record

Note. This is a provisional reconstruction for revision planning, not a verified final Scopus corpus. The final table must include only records that appear in the actual search export and pass full-text screening. Sample sizes and methods marked for verification should be verified against the full articles.

Study selection and PRISMA flow

Study selection should proceed through identification, duplicate removal, title-and-abstract screening, full-text retrieval, eligibility assessment, and final inclusion. Each exclusion at the full-text stage should be assigned a primary reason, such as a non-Indonesian setting, absence of MSME-specific evidence, no sustainability construct, non-journal publication type, or publication outside the review period. The counts below must be completed using the Scopus export and screening log; they cannot be reliably reconstructed from the manuscript's reference list.

Table 3. PRISMA Flow

PRISMA 2020 stage
Records identified through Scopus
Duplicate records removed
Records screened by title and abstract
Records excluded at title/abstract stage
Full-text reports sought for retrieval
Full-text reports not retrieved
Full-text reports assessed for eligibility
Full-text reports excluded — non-Indonesian context
Full-text reports excluded — no MSME-specific sustainability evidence
Full-text reports excluded — non-journal publication / outside period
Studies included in the final synthesis

Data extraction and thematic analysis

For each included article, the review should extract the author and year, journal, research location and sector, study design and sample, sustainability dimension(s), reported practices, internal and external drivers, barriers, and outcomes. The analytic procedure is specified using the six phases of thematic analysis described by Braun and Clarke (2006): familiarization with the studies, initial coding, construction of candidate themes, review of themes, definition and naming of themes, and production of the synthesis.

Coding integrates a deductive structure based on the Triple Bottom Line—environmental, social, and economic sustainability—with inductive subthemes that emerge from the articles. Financial capability, leadership, technology, governance, stakeholder engagement, and institutional support are coded as enabling conditions or barriers rather than as additional TBL dimensions. A study may contribute to more than one dimension; therefore, theme counts are not mutually exclusive. The authors should retain the extraction sheet and codebook to support auditability.

FINDINGS AND DISCUSSION

Overview of the candidate evidence

The provisional evidence matrix shows that the literature addresses all three TBL dimensions, though coverage varies in depth. Based on the 12 candidate studies currently mapped from the manuscript and supplementary publisher records, environmental sustainability appears in eight studies, social sustainability in five, and economic sustainability in ten. These categories overlap, as several studies examine more than one dimension. The counts are provisional and will be recalculated after the final Scopus search and screening.

The distribution suggests that environmental and economic issues are more often operationalized through green technology, supply-chain management, innovation, financial inclusion, and firm performance. Social sustainability is represented by social justice and equity, social capital, social cohesion, work ethic, and social performance, but its indicators are less standardized. This pattern aligns with the concern that social outcomes can be underrepresented when sustainability is measured primarily by environmental practices and financial performance.

Environmental sustainability

The environmental evidence points to three recurring mechanisms: the adoption of green technology, the integration of environmental practices into supply chains, and the development of environmental orientation and pro-environmental behavior. Handayani et al. (2026) show how green leadership and vision can be translated into green product development through technology. Ernawati et al. (2025) and Fauzan and Sudrajat (2025) emphasize green management and sustainable supply-chain practices, while Naparin (2025) highlights behavioral intention and moral obligation in wetland-based MSMEs. Ardhiyansyah and Juniansyah (2024) likewise link environmental orientation, technology, and green marketing to innovation capability.

These studies broadly agree that environmental sustainability requires more than owner awareness: it depends on investment, technology, managerial direction, supply-chain relationships, and access to markets. However, the relationship between environmental action and short-term firm performance is not uniformly positive. D'Souza et al. (2025) report that environmental practices do not necessarily follow the same performance pathway as social practices in their sample. The implication is that evaluation should distinguish the direct environmental outcome from short-term financial returns and consider the time horizon over which efficiency gains may emerge.

The FEB UGM–Bank Indonesia study offers a useful national-context signal: 87.81% of 631 surveyed MSMEs had not adopted green practices, and reported constraints included finance, investment costs, regulatory complexity, limited incentives, and knowledge gaps (Universitas Gadjah Mada, Fakultas Ekonomika dan Bisnis, 2025). This evidence supports the interpretation that adoption barriers are both structural and managerial. It also indicates that policy interventions should combine financing, technical assistance, and market development rather than rely solely on awareness campaigns.

Social sustainability

The social dimension is most clearly reflected in research on social justice and equity, social capital, social cohesion, workplace ethics, and social practices. Ansar et al. (2025) find that social sustainability among Makassar MSMEs is associated with the economic and environmental dimensions, though the direction and strength of these relationships vary across subdimensions. D'Souza et al. (2025) show that institutional barriers can undermine social practices and that these practices are part of the pathway linking business motivation to firm performance. These findings

suggest that social sustainability is not merely an ethical add-on; it is connected to the quality of relationships and the capacity of MSMEs to sustain business activity.

Supply-chain studies add a further dimension by incorporating social performance alongside environmental and economic outcomes. Ernawati et al. (2025) and Fauzan and Sudrajat (2025) explicitly include social practices or social performance in their sustainability models. Febriani et al. (2025) examine Islamic leadership values, financial behavior, and work ethics, suggesting that ethical leadership and workplace conduct can be relevant to business sustainability. Nevertheless, the evidence base remains heterogeneous: social justice, employee working conditions, social capital, and community engagement are not interchangeable indicators. Future studies should specify which social stakeholders are being assessed and use clearer measures of employee well-being, decent work, inclusion, and community outcomes.

Economic sustainability

Economic sustainability is commonly associated with business continuity, market competitiveness, productivity, innovation, financial access, and resilience. Muafi and Roostika (2022) emphasize the role of organizational resources in MSME sustainability. Riswandi and Fitria (2024) report positive relationships among sustainable development practices, networks, financial inclusion, and market competitiveness. Kurniasari et al. (2026) highlight financial literacy and financial inclusion as pathways that support credit access and performance among women-led MSMEs. Together, these studies indicate that the ability to maintain a viable business is shaped by both internal financial capability and external access to networks and finance.

Economic outcomes also stem from operational and market mechanisms. Sustainable supply-chain practices are linked to efficiency, customer satisfaction, and reputation among culinary MSMEs (Fauzan & Sudrajat, 2025), while green product development and innovation may support competitive positioning (Handayani et al., 2026; Ardhiyansyah & Juniansyah, 2024). However, these findings should not be taken as evidence that every sustainability investment immediately improves profitability. The cost of technology, access to finance, market readiness, and the time required to realize efficiency gains can shape the economic consequences of adoption.

Cross-cutting enablers and barriers

Five enabling conditions recur across the candidate studies. First, financial literacy and access to finance help MSMEs assess investment needs and maintain liquidity when adopting new practices (Kurniasari et al., 2026; Riswandi & Fitria, 2024). Second, leadership and managerial competence help translate sustainability intentions into operational decisions (Febriani et al., 2025; Handayani et al., 2026). Third, technology and innovation support cleaner production, green products, and process efficiency (Ardhiyansyah & Juniansyah, 2024; Handayani et al., 2026). Fourth, governance and organizational learning support accountability and implementation. Fifth, external stakeholder relationships—including customers, suppliers, regulators, financial institutions, and business networks—can provide pressure, resources, knowledge, and market access (Ernawati et al., 2025; Fauzan & Sudrajat, 2025; Riswandi & Fitria, 2024).

The barriers are the corresponding constraints: limited capital, high upfront investment, uncertain returns, inadequate green-finance products, regulatory ambiguity, limited technical knowledge, and uneven market demand. The FEB UGM–Bank Indonesia study documents several of these barriers in its MSME sample, while D'Souza et al. (2025) show that institutional constraints may affect environmental and social practices differently. The synthesis therefore supports a context-sensitive approach: the same intervention may not yield the same results across sectors, regions, and stages of MSME development.

Integrative discussion

The synthesis positions the TBL dimensions as the substantive content of sustainability and the RBV and stakeholder perspectives as explanations for adoption conditions. Internal capabilities—such as financial literacy, leadership, innovation, technology, and learning—shape MSMEs' ability to implement practices. External conditions—such as regulation, finance, customer expectations, supply-chain requirements, and institutional networks—shape the incentives and resources available to MSMEs. Environmental, social, and economic practices then contribute to distinct yet interconnected outcomes, including resource efficiency, employee and community well-being, market competitiveness, and business resilience.

The evidence also reveals an important tension. Sustainability practices are often presented as sources of competitive advantage, yet resource-constrained MSMEs may incur immediate costs before long-term benefits become visible. Environmental practices may not yield short-term financial returns, while social practices may influence customer relationships, workforce stability, or legitimacy through different pathways. This reinforces the need to evaluate sustainability using multiple indicators and time horizons rather than relying on a single financial measure.

The principal research gap concerns measurement and integration. Environmental and economic practices are more often linked to technology, supply chains, and performance, whereas social sustainability is measured using a broader and less consistent set of indicators. Future research should develop context-sensitive indicators that capture all three TBL dimensions and test how internal capabilities and external institutional conditions jointly shape implementation over time.

CONCLUSIONS

This review addresses three questions. First, Indonesian MSME sustainability research covers environmental practices such as green technology, green products, resource efficiency, and sustainable supply chains; social practices such as ethical work, equity, social capital, and community relationships; and economic practices such as financial inclusion, innovation, competitiveness, and business continuity. Second, adoption is shaped by internal capabilities—including financial literacy, leadership, technology, and managerial learning—and by external conditions such as finance, regulation, customer and supply-chain expectations, and institutional networks. Third, reported outcomes include operational efficiency, innovation, market reputation, social well-being, and business performance, though the relationships are not uniform across studies or dimensions.

Three policy implications follow. First, MSME support programs should pair affordable finance with practical technical assistance, managerial training, and access to green technology, because awareness alone does not overcome investment and capability barriers. Second, sustainability programs should explicitly include social outcomes—such as decent work, employee development, equity, and community engagement—rather than measuring success solely by environmental adoption or financial performance. Third, local governments and business associations should strengthen supply-chain partnerships, market access, and proportionate reporting tools so that MSMEs can demonstrate sustainability progress without facing compliance burdens designed for large firms.

The review's contribution is an integrated framework that distinguishes TBL sustainability outcomes from the financial, governance, technological, and stakeholder conditions that enable them. The framework is intended to guide future empirical testing and policy design; it should not be interpreted as a causal model validated by the current literature synthesis.

LIMITATION & FURTHER RESEARCH

This review has several limitations. First, a Scopus-only search may omit relevant studies indexed in other databases or published in accredited national journals. Second, the synthesis relies on secondary publications and cannot capture informal practices or the lived experiences of MSME owners, workers, and communities. Third, the Indonesian MSME sector is heterogeneous across regions, industries, firm sizes, and institutional environments; the available studies do not represent all these contexts equally. Fourth, the review's reproducibility depends on completing and retaining the exact search date, Scopus query, export, screening decisions, and PRISMA counts.

Future research should use longitudinal and comparative designs to examine how sustainability practices evolve and whether benefits vary by sector, region, and enterprise size. More consistent measures of social sustainability are also needed, particularly for decent work, employee well-being, gender and social inclusion, and community outcomes. Finally, future studies should test the proposed framework with primary data and examine how financial capability, leadership, technology, stakeholder relationships, and public policy interact to shape the three TBL dimensions.

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