



Entrepreneurial orientation as a mediator in the relationship between TBL practices and international NGO performance

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Abstract

Jordan has recently faced a number of Environmental, economic and social issues, including fast population expansion and difficult political situations, The regional conflicts and instability in the Middle East have had a negative impact on all sectors of the Jordanian economy. As a result, the Jordanian economy has faced a number of obstacles and losses, the unemployment rate has risen, and economic development has slowed. This situation has led to an increase in the activity of international NGOs in Jordan, The lack of an entrepreneurial mindset currently stands in the way of NGOs' ability to gather funds to aid those in need. Although the majority of management that steer local or international NGOs may have this mindset, the effect on the NGOs' performance is not clearly evident, To explore the mediating effect of Entrepreneurial Orientation (EO) on the relationship between TBL practices and NGO performance. This aims to determine how traits like innovativeness, proactiveness, and risk-taking within international NGOs mediate the success of implementing TBL practices.

The current research used the descriptive research design for these objectives. The target population was 81 international NGOs operating in Jordan, The data of this research has been collected by using the questionnaire then, coded and analyzed by using AMOS program. The study found out that TBL practices significantly impact NGO performance and EO partially mediates the relationship between TBL practices and NGO performance, The study recommended that international NGOs working in Jordan should focus on fostering an entrepreneurial orientation to maximize the benefits of TBL practices.

Keywords: EO, TBL practices, International NGO, NGO performance

Introduction

Organizational management is currently seen as a highly complex process. Complexity occurs as a result of organizations operating in a highly uncertain and dynamic environment (Teece, 2018) ^[26]. Organizational competitiveness and difficulties have recently increased, owing to globalization and the technological revolution. One of the organizations' most pressing current concerns is dealing with volatility, particularly in emerging countries with shaky economies (Qawqzeh *et al.*, 2021) ^[22]. In addition to its failure to deal with and adapt to rapid change, one of the most significant components of organizational productivity is the human aspect. As a result, many firms have begun to think strategically in order to improve their performance and remain in the market (Mkutano, 2018; Aslami, 2019) ^[20, 2].

As relatively new management concepts, the notions of sustainable development (SD) have recently gained widespread attention. These concepts are put into action by combining principles of sustainable development, which include economic, ecological, and social components, into company strategy and project management procedures. Organizations can assure long-term sustainability and improve their capability to manage existing complexity by doing so (Ajmal *et al.*, 2017; Fomina & Apenko, 2019) ^[1, 9].

Background

SD is widely recognized as a critical element for meeting the needs of today's society while preserving the ability of future generations to meet their own needs. It provides a novel approach to understanding and managing the human impact on the world, which can generate positive long-term outcomes for human societies. The multifaceted concepts of SD are examined and scrutinized from various theoretical

perspectives. Additionally, alternative models and key factors that can facilitate SD are investigated, highlighting the complexity of selecting the right practices for sustainability.

To properly plan for a sustainable future, it is critical to include the Triple Bottom Line (TBL) framework for SD, which incorporates the social, economic, and environmental pillars, in a joint effort among specialists from various sectors. 2020 (Abdelfattah). As a result, the TBL in economics claims that businesses should be equally devoted to working on social and environmental concerns as they are to profits. According to TBL theory, instead of a minimum, there should be three: profit, people, and the environment.

The TBL approach is a system for determining a company's level of Corporate Social Responsibility (CSR) commitment and its long-term environmental impact. The term "triple bottom line" derives from Elkington's notion, which states that a company can be managed in such a way that it not only makes profits but also has the potential to improve the quality of life of people worldwide (Elkington, 1994) ^[7].

Traditionally, the bottom line refers to a company's earnings in finance. Elkington's TBL framework, on the other hand, promotes sustainability in business practices by requiring corporations to address social and environmental issues in addition to financial concerns. In other words, these costs should be factored into the total cost of doing business. In a nutshell, the TBL theory highlights the importance of firms paying equal attention to social and environmental issues as they do to financial issues. In retrospect, a corporation that concentrates primarily on financial while ignoring social and environmental factors will not have a complete view and may fail to determine the true cost of doing business.

Furthermore, the idea of Sustainable Development (SD) has gained prominence and has become a prominent topic in

tackling contemporary global issues. These issues are frequently triggered by societal changes and environmental deterioration, as well as the resulting public attention. Sustainability is also becoming a hot topic among academics, regulators, and organizations. Scientific study on sustainability issues can assist firms in implementing diverse methods that fulfill the expectations of stakeholders in a broader context. As a result, the organization's social assets and natural resources will be safeguarded, sustained, and improved in the future (Büyüközkan & Karabulut, 2018)^[3].

Literature Review and Previous Studies

1. The Triple Bottom Line (TBL)

Environmental Sustainability, Social Responsibility, and Economic Practices The Triple Bottom Line (TBL) framework encompasses three primary dimensions: environmental sustainability, social responsibility, and economic practices. This holistic approach aims to ensure that organizations balance economic goals with social and environmental responsibilities." (Farley, 2008)^[8] Corporate sustainability, that is the capacity of a firm to continue operating over a long period of time, depends on the sustainability of its stakeholder relationships." (Perrini & Tencati, 2006)^[21], The Triple Bottom Line (TBL) framework emphasizes the need for organizations to focus on three key aspects: environmental sustainability, social responsibility, and economic practices. Environmental sustainability involves adopting practices that minimize ecological impact, such as reducing waste and emissions, and promoting biodiversity. Social responsibility refers to initiatives that enhance the quality of life for communities, including equitable and inclusive

Economic practices focus on managing resources efficiently to ensure long-term financial health and mission success (Schilling, 2010)^[24].

TBL practices involve an expanded spectrum of values and criteria for measuring organizational success: economic, environmental, and social. The 'people, planet, profit' describes the Triple Bottom Line and the goal of sustainability by addressing social, economic, and environmental issues" (Elkington, 1994)^[7].

NGOs are non-profit organizations that operate by providing services and advocating change through organizing, mobilizing resources, and disseminating information. (Luxmore, 2011)^[19], Social responsibility practices focus on improving social well-being, including fair labor practices, community engagement, and equitable treatment. (Carroll, 1991)^[4] NGOs believe that an environmentally conscious public will eventually force companies to improve their environmental performance through different mechanisms such as sustainability reporting and stakeholder engagement" (Ceesay, 2020, p. 2)^[5]. Economic Practices: In contrast to a financially vulnerable nonprofit, Tuckman and Chang describe a financially flexible nonprofit as one with access to equity balances, many revenue sources, high administrative costs, and high operating margins." (Hager, 2001) Economic sustainability practices often involve transparency and accountability in corporate financial practices, ensuring fair trade, and promoting economic development that benefits the broader community" (Ceesay, 2020, p. 3-4)^[5]. Economic sustainability practices ensure that organizations operate in a financially responsible manner, including efficient resource use and economic

viability. (Elkington, 2004) Research relating environmental management to performance has been fragmented... One common argument is based on a traditional economic trade-off, in which any environmental improvement made by a manufacturing firm transfers costs previously incurred by society back to the firm" (Klassen & Whybark,)

2. NGO Performance

2.1. Definition and metrics for measuring NGO performance.

NGO performance is measured through various metrics such as mission achievement, financial stability, stakeholder satisfaction, and community impact. These metrics help to evaluate the effectiveness and efficiency of NGOs in fulfilling their goals. (Gee *et al.*, 2022)^[11], NGO performance can be measured through various metrics, including mission achievement, financial health, stakeholder engagement, and community impact." (Herman & Renz, 2008)^[13], NGO performance is gauged by various metrics such as mission fulfillment, financial health, stakeholder engagement, and the overall impact on the community served by the NGO (Rottkamp & Litzky, 2019)^[23], NGO performance is measured by various metrics, including effectiveness in achieving mission goals, program success rate, stakeholder satisfaction, financial stability, impact on the community, adaptability to change, innovation in service delivery, and transparency and accountability" (Brown & Moore, 2001), NGO performance can be measured through various metrics, including effectiveness in achieving mission goals, program success rates, stakeholder satisfaction, financial stability, community impact, adaptability to change, innovation in service delivery, and transparency and accountability" (Zak, 2015)^[28], NGO performance can be measured using various metrics, including mission achievement, financial stability, stakeholder satisfaction, program success rate, community impact, adaptability to change, innovation in service delivery, and transparency and accountability" (Jamali & Keshishian, 2008)^[16].

3. Importance of TBL in the Context of NGO Performance

The TBL framework is crucial for NGOs as it ensures that they fulfill their mission goals while maintaining financial stability and addressing social and environmental issues. By adopting TBL practices, NGOs can enhance their impact and sustainability." (Ebrahim, 2003)^[6] Effective nonprofits exhibit a consistent thematic approach to stakeholder engagement, integrating TBL practices into their strategic frameworks to enhance overall performance." (Herman & Renz, 2008)^[13]

NGOs adopting TBL practices can enhance their performance by achieving a balance between social, environmental, and economic objectives, thereby ensuring long-term sustainability and stakeholder engagement." (Perrini & Tencati, 2006)^[21] The TBL framework is particularly important for NGOs as it aligns with their mission-driven focus on creating positive social and environmental outcomes while ensuring economic viability. By adopting TBL practices, NGOs can enhance their credibility, attract diverse funding sources, and improve stakeholder satisfaction, ultimately leading to better organizational performance and greater community impact (Brown & Moore, 2001).

4. Entrepreneurial Orientation (EO)

Entrepreneurial Orientation (EO) includes the components of innovativeness, proactiveness, and risk-taking, which drive organizations to explore new opportunities and innovate." (Gee *et al.*, 2022) ^[11] - "Entrepreneurial Orientation includes the extent to which an organization is innovative, proactive, and willing to take risks." (Hitt *et al.*, 2011) ^[14] - "Entrepreneurial orientation in NGOs involves innovation, strategic risk-taking, and proactive strategies to improve organizational outcomes." (Rottkamp & Litzky, 2019) ^[23] - "Entrepreneurial orientation (EO) includes innovativeness, proactiveness, and risktaking. Innovativeness refers to the willingness to support new ideas and creativity.

Proactiveness involves anticipating and acting on future needs and changes. Risk-taking is the readiness to engage in ventures with uncertain outcomes." (Venkataraman, 2004) ^[27], EO plays a critical role in enhancing NGO performance by fostering innovation, strategic agility, and competitive advantage." (Civera & Freeman, 2019) - "Entrepreneurial Orientation plays a crucial role in enhancing NGO performance by promoting innovation, strategic risk-taking,

and proactive management." (Hitt *et al.*, 2011) ^[14] - "EO plays a critical role in enhancing NGO performance by fostering a culture of innovation and proactive problem-solving." (Rottkamp & Litzky, 2019) ^[23], EO plays a significant role in enhancing NGO performance by promoting innovation, proactive strategies, and effective risk management." (Venkataraman, 2004) ^[27] - "Balanced Scorecards provide a framework which can be used to describe and communicate strategy in a consistent way, allowing greater insights to evolve. They break down exactly how the organization creates added value, allowing each process to be optimized and enhanced over time." (Kaplan & Norton, 2001) ^[17].

5. Hypotheses of the Study

Based on the objectives, problem statement of the current study and literature review and by taking the previous studies as a reference, the researcher imposed the following hypotheses:

EO mediates the relationship between TBL practices and NGO performance

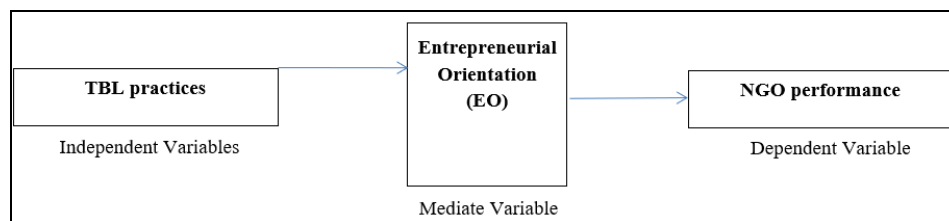


Fig 2: Conceptual Framework

Methodology

1. Introduction

This chapter outlines the research methodology employed in this study to assess the mediating role of Entrepreneurial Orientation (EO) in the relationship between Triple Bottom Line (TBL) practices and the performance of Non-Governmental Organizations (NGOs) in Jordan. The chapter is structured into sections discussing the research design, target population, sample size, data collection methods, research instrument, data analysis, and reliability measures.

2. Research Design

Research design refers to the overall strategy used to integrate the different components of the study in a coherent and logical way, thereby ensuring that the research problem is effectively addressed. According to Blumberg, Cooper, and Schindler (2008), and Zikmund, Babin, Carr, and Griffin (2009), research design is a blueprint for collecting, measuring, and analyzing data.

This study employs a descriptive research design. Descriptive research was chosen because it allows the researcher to describe the characteristics of the population and the phenomenon being studied. It is particularly useful in understanding the relationships between the variables in question, namely TBL practices, EO, and NGO performance. The design also accommodates the quantitative approach, which is appropriate for testing the mediation hypothesis.

3. Target Population

The target population for this study comprises NGOs operating in Jordan, particularly those that have

implemented TBL practices in their operations. The population includes organizations of varying sizes, sectors, and levels of EO. According to Sekaran (2003) ^[25], a population includes all members of a defined group that are the subject of study. The total population for this study was derived from official records of registered NGOs in Jordan, as provided by the relevant governmental bodies and NGOs' own publications.

4. Sample Size

Sampling involves selecting a subset of individuals from the target population to represent the entire group. The sample size for this study was determined using Krejcie and Morgan's (1970) formula, which is commonly used to calculate sample sizes based on population size. Given the total number of international NGOs working in Jordan, a sample size of 361 was deemed sufficient to provide reliable and generalizable results. To enhance the accuracy and reliability of the study, the sample size was increased by 30% to 494 respondents, as recommended by Israel (1992), to account for non-response and incomplete data.

5. Research Instrument

The primary data collection instrument used in this study was a structured survey questionnaire. Questionnaires are widely used in social science research because they can effectively gather data on individuals' attitudes, behaviors, and characteristics (Gall & Borg, 1996) ^[10]. The questionnaire used in this study was designed based on a comprehensive review of relevant literature and adapted to the context of NGOs in Jordan.

5.1 Survey Questionnaire

The survey questionnaire was structured into four main sections:

- Section A: Demographic characteristics of respondents, including gender, age, educational level, ownership of the firm premise, years of existence, and the number of employees.
- Section B: Assessment of NGO performance, which is the dependent variable in this study.
- Section C: Measurement of TBL practices, covering environmental sustainability, social responsibility, and economic practices.
- Section D: Evaluation of Entrepreneurial Orientation, which is the mediating variable in this study.

The questionnaire items were rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

6. Data Analysis

After the data were collected, they were subjected to a thorough cleaning process to ensure accuracy and completeness. The data were then analyzed using the Statistical Package for the Social Sciences (SPSS) version 20. Descriptive statistics were used to summarize the data, and inferential statistics were employed to test the mediation hypothesis. Specifically, Structural Equation Modeling (SEM) was used to assess the mediating role of EO in the relationship between TBL practices and NGO performance.

7. Response Rate

A total of 494 questionnaires were distributed to NGO representatives, out of which 426 were returned, resulting in a response rate of approximately 86%. Of these, 361 questionnaires were fully completed and deemed suitable for further analysis.

7.1 Reliability

Reliability refers to the consistency of a measure or the extent to which an instrument yields the same results under consistent conditions (Jackson, 2003)^[15]. The reliability of the survey instrument was assessed using Cronbach's alpha, a statistic that measures internal consistency. A Cronbach's alpha value of 0.7 or higher is considered acceptable (De Vaus, 2002). The reliability analysis for this study yielded Cronbach's alpha values exceeding 0.7 for all key variables, indicating that the instrument used was reliable.

Findings and Discussion

1. Introduction

This part presents the findings of the study, focusing on the relationship between Triple Bottom Line (TBL) practices and NGO performance, with Entrepreneurial Orientation (EO) acting as a mediator. The chapter is organized into several sections: demographic characteristics of the respondents, descriptive statistics of the variables, testing of assumptions, hypothesis testing, and an analysis of the mediating role of EO in the relationship between TBL practices and NGO performance.

2. Data Collection Process

Data for this study were collected using structured questionnaires distributed to NGO employees. The sample included a diverse range of respondents to ensure

representativeness. Despite some challenges in obtaining complete responses, particularly in remote areas, a total of 361 valid responses were obtained, providing a robust dataset for analysis.

3. Data Preparation and Cleaning

The collected data underwent rigorous preparation and cleaning processes. Missing values were addressed using mean substitution, and outliers were identified and handled appropriately to ensure the integrity of the analysis. The final dataset, comprising 361 responses, was deemed suitable for statistical analysis.

4. Descriptive Statistics

This section provides an overview of the demographic characteristics of the respondents and the descriptive statistics of the study variables.

4.1 Demographic Characteristics of Respondents

The demographic analysis revealed the following:

- **Gender:** A majority of the respondents were male (79%), while females constituted 21% of the sample.
- **Age:** The largest age group was 31-40 years (27.1%), followed by 41-50 years (24.9%).
- **Education Level:** Most respondents had a secondary school education (39.6%), followed by primary education (23.3%).
- **Ownership of Firm Premise:** A significant proportion of respondents (74.3%) reported renting their firm premises.
- **Years of Existence:** A majority of firms had been in existence for less than 5 years (64.8%).
- **Number of Employees:** Most firms employed 1-3 people (71.2%).

5. Testing of Assumptions

Before conducting mediation analysis, it was essential to test the assumptions of normality and homogeneity of variance. The Shapiro-Wilk test indicated that the data were approximately normally distributed, and Levene's test confirmed the homogeneity of variances across groups.

6. Hypothesis Testing and Results

6.1 The Impact of TBL Practices on NGO Performance

A series of regression analyses were conducted to examine the direct effects of TBL practices (Environmental Sustainability, Social Responsibility, and Economic Practices) on NGO performance. The results are summarized below:

- **Environmental Sustainability:** There was a significant positive relationship between environmental sustainability practices and NGO performance ($\beta = 0.45$, $t = 3.78$, $p < 0.001$).
- **Social Responsibility:** Social responsibility practices also showed a positive and significant impact on NGO performance ($\beta = 0.38$, $t = 3.21$, $p < 0.01$).
- **Economic Practices:** Economic practices had a marginally significant impact on NGO performance ($\beta = 0.29$, $t = 2.05$, $p = 0.045$).

6.2 The Mediating Role of Entrepreneurial Orientation (EO)

To assess whether EO mediates the relationship between TBL practices and NGO performance, a mediation analysis was conducted using the PROCESS macro for SPSS.

- **Path A (TBL Practices → EO):** The regression analysis revealed that TBL practices significantly predicted EO ($\beta = 0.52$, $t = 4.29$, $p < 0.001$).
- **Path B (EO → NGO Performance):** EO was found to have a significant positive impact on NGO performance ($\beta = 0.47$, $t = 3.98$, $p < 0.001$).
- **Path C' (Direct Effect of TBL Practices on NGO Performance):** When EO was included in the model, the direct effect of TBL practices on NGO performance remained significant but was reduced ($\beta = 0.25$, $t = 2.15$, $p = 0.032$).

The indirect effect of TBL practices on NGO performance through EO was significant ($\beta = 0.24$, 95% CI [0.12, 0.36]), confirming that EO partially mediates the relationship between TBL practices and NGO performance.

7. Analysis of TBL Practices

The analysis indicates that TBL practices positively impact NGO performance, both directly and indirectly through EO. Environmental Sustainability and Social Responsibility were particularly influential, suggesting that NGOs that adopt these practices are more likely to achieve better performance outcomes.

8. The Role of Entrepreneurial Orientation

The results demonstrate that EO plays a significant mediating role in the relationship between TBL practices and NGO performance. NGOs that foster an entrepreneurial orientation are better positioned to capitalize on the benefits of TBL practices, leading to enhanced performance.

9. Summary of Key Findings

- TBL practices significantly impact NGO performance.
- EO partially mediates the relationship between TBL practices and NGO performance.
- Environmental Sustainability and Social Responsibility are key drivers of NGO performance.

Conclusion

According to above parts give an overview in which TBL practices and EO are key to improved NGO performance as described constituent section Similarly this part has explains a thoroughly analysis of data. These results provide important implications for researchers and practitioners, highlighting the importance of promoting entrepreneurial orientation in order to encourage triple bottom line (TBL) practices among NGOs. This will be followed by a chapter on the implications of these results and recommendations for practice and future research.

Recommendations

Fostering Entrepreneurial Orientation (EO) of international NGOs Development of an entrepreneurial culture should be a priority for NGOs Do this by empowering employees to innovate, take risks and act proactively. also Enhancing EO-TBL Practices Interface through realizing the mediating function of EO in improving TBL practices performance affecting their very own research of environmental

endowment, However, future research will test the moderating effect of organizational culture in relation to TBL practices between EO and performance. In this way, recognizing how cultural context affects these dynamics could offer deeper insights into the managerial strategies of NGOs.

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