# Chapter 1:

# General Framework (Introduction to the Study)

## 1.1 Introduction:

The business sector greatly emphasizes sustainability growth as it impacts Organizational Performance and reputation (**Lozano, 2012**). Today's focus of businesses is to build a brand name for the medium or long term instead of earning a handsome profit for a short period of time (**Fairfield et al., 2011**). It is impossible for society to achieve sustainable development without the support of corporations because it is the productive resource of the economy (**Maletic et al., 2017**). In today's competitive environment, the question may arise whether sustainability practices may help organizations to compete successfully in the marketplace. To answer this question, researchers (**Khattak et al., 2023**) argued that corporate sustainability is the most important tool used for cost reduction, new product creation, managing risks, and manage fundamental changes in internal culture and structure. In the same way, (**Delai and Takahashi, 2013**) pointed out that for an organization the important tools are initiatives and sustainable development. (**Hart and Milstein, 2003**) define sustainable development is delivering environmental, social, and economic benefits to society.

The success of a corporation greatly hinges on its ability to adjust to external shifts. Performance, as discussed in scholarly works, denotes "the extent to which an organization, functioning as a social entity with specific resources, attains its objectives" (**McMurray et al., 2010**; **Horga, 2012**). The organization's efficiency, integral to management strategies, and its underlying theory, should lead to enhanced financial performance over the medium to long term (**Richter et al., 2017**).

As highlighted by (**Dommerholt et al., 2021**), the approach businesses take toward sustainability has shifted from pollution control to environmental efficiency and socio-effectiveness. The core concepts revolve around what are known as win-win arrangements, aligning financial gains with environmental performance (e.g., reduced resource use, waste minimization) and social performance (e.g., minimizing negative impacts or maximizing positive ones) (**Dommerholt et al., 2021**). The business case for sustainability has long been explored, emphasizing the interconnections between environmental, social, and business performance (**Serrat, 2017**; **Al Khajeh, 2018**). Much scholarly research in this area focuses on whether practices are both environmentally friendly and sustainable (e.g., **Anwar and Abdullah, 2021**). As noted by (**Anwar and Abdullah, 2021**), companies adopt sustainable practices not just due to regulatory obligations but also to meet the interests of key stakeholders, influencing an organization's competitiveness and financial performance.

This study emphasizes the effects on a company's strategy and business model due to the adoption of company policies, focusing on organizational, economic, growth, social, resource, and environmental impacts. Our core argument is that companies voluntarily incorporating environmental and social policies into their business models are a distinct type of modern corporation. These organizations feature a governance structure that considers not only financial performance but also the environmental and social impact of their operations. This approach includes a long-term perspective on profit maximization, an active process for managing stakeholders, and advanced measurement and reporting systems.

## 1.2 Problem Statement and Questions:

Prior studies have examined the interplay between sustainability practices and organizational performance across diverse cultural and organizational contexts, as evidenced by the works of (**Al Khajeh, 2018**; **Serrat, 2017**). These studies have delved into the influence of sustainability dimensions such as exploration and exploitation on financial performance, while also exploring additional variables that may further modulate this relationship (**Berberoglu, 2018**; **Abubakar et al., 2019**). Nonetheless, there is a call for further investigation to validate and deepen our understanding of these dynamics. Notably, research specifically linking sustainability practices with organizational performance is scarce, particularly within the context of Pakistan (**Jaleha & Machuki, 2018**). Therefore, this study seeks to contribute to the existing body of knowledge by introducing new variables—sustainability exploitation, sustainability exploration, and financial performance—to enrich our comprehension of the relationship between sustainability initiatives and organizational success.

The problem of the study is summarized in the following question:

- How does sustainability affect company performance?

## 1.3 Main objectives of the Study

- Study the relationship between sustainability practices and economic growth.
- Study the relationship between sustainability practices and employee satisfaction.
- Provide recommendations to Jordanian insurance companies and benefit from them.

## 1.4 Study Significance and Importance

The importance of the study lies in theoretically enriching the scientific library on the topic "The impact of sustainability on the company's performance", which contributes to the multiplicity of options for researchers to use the article as a previous study to conduct future studies on the topic "The impact of sustainability on the company's performance" in new dimensions. As for the practical aspect It helps decision makers make appropriate decisions based on the recommendations of this study.

## 1.5 Study Hypothesis

**First Main Hypothesis:**

H01: There is no statistically significant impact of sustainability on organization performance.

**The main hypothesis can be divided into three sub-hypotheses:**

H01.1 There is no statistically significant impact of sustainability on growth.

H01.2 There is no statistically significant impact of sustainability on Employee satisfaction.

H01.3 There is no statistically significant impact of sustainability on customer satisfaction.

## 1.6 Study Model

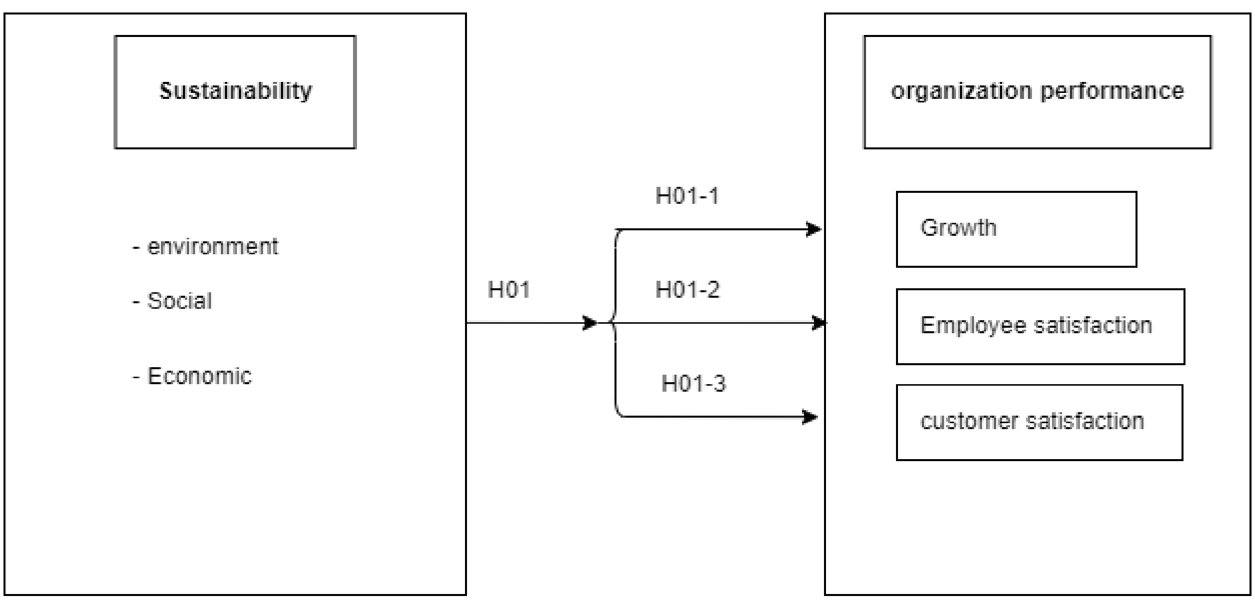


**Figure 1-1**: model of study