

## **The Impact of the EFQM Model on Business Sustainability using Structural Equation Modelling**

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### **Abstract**

Wirausaha Merdeka is a program initiated by the Republic of Indonesia's Ministry of Education, Culture, Research, and Technology. This study is aimed at students who have an interest in the world of entrepreneurship. Shipbuilding Institute of Polytechnic Surabaya adopts the Project Based Learning Technopreneurship learning scheme. Through this program, 103 new businesses have been created in various fields of business. As new businesses, they are susceptible to failure due to several factors. The method of this study used a survey that has been conducted, there are 77.7% of tenants who do not continue their business after the program. This indicates a high rate of business failure among entrepreneurs. This research is conducted to identify the factors influencing business sustainability using the Structural Equation Modelling method. The variables used in this study are derived from the European Foundation for Quality Management Model 2020. The results of this study is that organizational culture and leadership, driving performance and transformation, as well as strategic and operational performance positively influence business sustainability. Purpose, vision and strategy, creating sustainable value, and stakeholder perception negatively influence business sustainability. Meanwhile, engaging stakeholders does not significantly affect business sustainability.

**Keywords:** EFQM, business sustainability, SEM, Wirausaha Merdeka

### **INTRODUCTION**

In building a business, the main goal is that the company can generate profits in the long term. In line with this goal, business owners strive to significantly grow their businesses. This goal can be achieved with optimal management of resources and production factors (Kamaluddin, 2017; Sledkov et al. 2022; Skachko, et al. 2024). In the initial business phase, business owners choose a sustainable business model. A sustainable goal is an option to make the business remain stable in the development process (Glinik et al. 2021; Martín-Peña, Lorenzo & Meyer, 2024; Beehner, 2024). A sustainable business is a business that wants to achieve goals in the long term and adds value by incorporating specific aspects. A sustainable business is expected to create

cost efficiency, increase profits, and build a good brand or reputation.

Wirausaha Merdeka is a program initiated by the Republic of Indonesia's Ministry of Education, Culture, Research and Technology. This program is aimed at students who have an interest in entrepreneurship. Wirausaha Merdeka was held in 2022, with 17 universities selected as program implementers. As one of the selected universities, Shipbuilding Institute of Polytechnic Surabaya carries the program which is packaged through product-based learning under the name Project Based Learning Technopreneurship (PBLT). As many as 103 new business products have been produced through this program, as published in Suara Surabaya (Syarief, 2022).

As a new business, it is prone to mistakes that lead to failure. Zimmerer, Scarborough, & Wilson (2008) suggested ten mistakes that cause small business failure, including management incompetence, inexperience, poor financial control, weak marketing efforts, failure to develop strategic planning, uncontrolled growth, poor location, inappropriate inventory control, inappropriate pricing and inability to make an entrepreneurial transition. Failures experienced by business people can result in not achieving the original purpose for which the business was created and experiencing losses or bankruptcy. The failure rate of a new business for the first five years averages 53% (Gonzalez, 2017). After completing this program, an initial survey was conducted on Wirausaha Merdeka at Shipbuilding Institute of Polytechnic Surabaya tenants to obtain information on business sustainability. The result shows that most tenants do not continue their business after the Wirausaha Merdeka program by Shipbuilding Institute of Polytechnic Surabaya was completed. Tenants who did not continue their business had a percentage of 77.7%. The reasons tenants do not continue their business include lack of cooperation between team members, low motivation to continue the business, lack of a network of relationships to market products, and no further monitoring from program implementers after the program is completed. The potential failure rate of tenants in running their business is substantial.

Therefore, efforts are needed to reduce the failure rate of tenants in running their businesses. One way this can be done is to identify and analyze the factors affecting business sustainability. Business sustainability is influenced by all aspects of the business, such as environment, law, market and marketing, technology, management, human resources, and finance (Kristian & Indrawan, 2019; Jankalová, & Jankal, 2020). Therefore, a model is needed to identify and analyze business

sustainability factors. One model that can be used in analyzing business sustainability is the European Foundation for Quality model. Bendell and Edgeman introduced the EFQM model that can be used to improve performance and achieve sustainable business results (Nenadál, 2020; Fonseca et al. 2021). Through this research, variables that affect business sustainability can be identified. Tenants can then consider the most important factors for their businesses and focus on them in order to sustain or avoid bankruptcy.

The EFQM 2020 model contains seven variables, including 1) purpose, vision, and strategy, 2) organizational culture and leadership, 3) engaging stakeholders, 4) creating sustainable value, 5) driving performance and transformation, 6) stakeholder perceptions, as well as 7) strategic and operational performance. The EFQM 2021 model provides a definition of these seven variables as follows, the first variable, purpose, vision, and strategy is important in business. They can plan the business to have sustainable value, have targets to achieve, and plan the right steps to meet the goals. Research from Sütöová et al. (2022) found that purpose, vision, and strategy get higher scores on performance management assessments than other variables. So that purpose, vision, and strategy can support business sustainability.

Second, organizational culture and leadership are the values and norms embraced by individuals or organizational groups that influence them in their behavior. Meanwhile, leadership is the act of leading in the organization. In research conducted by Manresa & Rivera (2021) it was found that leadership has a positive effect on the social dimension of sustainable management. The leadership variable gets a  $p$  value =  $0.001 < 0.05$  so that the results state that this variable has a significant effect on sustainable management. This indicates the importance of organizational culture and leadership to contribute to business sustainability.

Third, engaging stakeholders means that the involvement of all interested parties can provide an understanding of the needs and sustainable business development. In research conducted by Soto-Acosta et al. (2016) it was found that people (workforce, partners, stakeholders, generally speaking) have a positive influence on business performance. From the research results, people get  $\beta = 0.45$ ,  $p < 0.001$  ( $p < 0.05$ ), it states that the people variable has a positive effect on business performance.

Fourth, creating sustainable value means that an extraordinary business is a business that has a differentiating value between its business and others. The value in question is a solution offered to answer customer needs. Previous research from Kafetzopoulos & Gotzamani (2019) states that product innovation has a significant and positive influence on business performance with a total effect of 0.615 and  $p < 0.001$ .

Fifth, stakeholder perception leads to the perception of various parties who have an interest in an organization. Perception relates to feedback from them that can be used as input for the organization. In this case, which can include customers, people, society. de Menezes et al. (2021) states that sustainability orientation correlates with the perception of customers, people, and society because their satisfaction and loyalty have an impact on company performance with a total effect of 0.76 and  $p < 0.001$ .

Sixth, strategic and operational performance relates to the performance results of companies that have been able to meet their goals. Companies have indicators of success to measure their performance. In a study conducted by Sütöová et al. (2022), it was found that strategic and operational performance variables get a high rating on the assessment measurement. These variables scored 34% and 38% of other variables. So that strategic and operational performance can support business sustainability.

Based on this background, therefore, this study proposes seven hypotheses.

- H1: Purpose, vision, and strategy have a positive influence on business sustainability.
- H2: Organizational culture and leadership have a positive influence on business sustainability.
- H3: Engaging stakeholders have a positive influence on business sustainability.
- H4: Creating sustainable value has a positive influence on business sustainability.
- H5: Driving performance and transformation have a positive influence on business sustainability.
- H6: Strategic and operational performance have a positive influence on business sustainability.
- H7: Stakeholder perceptions have a positive influence on business sustainability.

## METHOD

The sample used in this research consists of 103 Wirausaha Merdeka tenants from the year 2022 (Hair et al. 2010). The data utilized in this study is primary data in the form of questionnaires. Respondents can answer the questionnaire statements using a Likert scale of 1–4, where (4) Strongly Agree, (3) Agree, (2) Disagree, and (1) Strongly Disagree. The statements are formulated based on the indicators and variables present in the EFQM 2020 model. In the research, there are seven independent variables utilized such as, purpose, vision & strategy, organizational culture and leadership, engaging stakeholders, creating sustainable value, driving performance and transformation, strategic and operational performance, and stakeholder perceptions. Meanwhile, the dependent variable employed is business sustainability (see Table 1). The first step of data processing involves testing the validity and reliability of the questionnaire. Validity testing is conducted by comparing the calculated  $r$ -table with the  $r$ -value.

**Table 1. Operational Definitions**

Variables	Operational Definitions	Indicators
Purpose, vision and strategy ( $X_1$ )	Purpose, vision, and strategy constitute a business plan that includes targets and steps to achieve business objectives.	Setting goals and vision ( $X_{1,1}$ ) Identifying stakeholder needs ( $X_{1,2}$ ) Understanding the business ecosystem, capabilities, and key challenges ( $X_{1,3}$ ) Developing strategies ( $X_{1,4}$ ) Designing and implementing governance systems and performance management ( $X_{1,5}$ )
Organizational culture and leadership ( $X_2$ )	Culture is the values and norms embraced by an organization. Leadership is the act performed by an individual in guiding an organization towards specific goals.	Teaching organizational culture and nurturing values ( $X_{2,1}$ ) Creating conditions to facilitate change ( $X_{2,2}$ ) Fostering creativity and innovation ( $X_{2,3}$ ) Aligning goals, vision, and strategy ( $X_{2,4}$ )
Engaging stakeholders ( $X_3$ )	Engaging stakeholders is ensuring that the needs and expectations of all parties involved in the business are taken into account when making decisions for business development.	Customers ( $X_{3,1}$ ) Employees ( $X_{3,2}$ ) Business owners and universities ( $X_{3,3}$ ) Community ( $X_{3,4}$ ) Partners and suppliers ( $X_{3,5}$ )
Creating sustainable value ( $X_4$ )	Creating sustainable value involves establishing a differentiation between the organization and competitors to develop products and fulfill market needs in the long term.	Designing value and how value is created ( $X_{4,1}$ ) Communicating and selling value ( $X_{4,2}$ ) Delivering value ( $X_{4,3}$ ) Defining and implementing the overall experience ( $X_{4,4}$ ) Driving performance and managing risks ( $X_{5,1}$ )
Driving performance and transformation ( $X_5$ )	Driving performance and transformation involves efficiently managing business operations and adapting to changes by implementing innovations.	Transforming the organization for the future ( $X_{5,2}$ ) Driving innovation and leveraging technology ( $X_{5,3}$ ) Utilizing data, information, and knowledge ( $X_{5,4}$ ) Managing assets and resources ( $X_{5,5}$ )
Stakeholder perception ( $X_6$ )	Stakeholder perception is the feedback from stakeholders about their personal experiences, which can be applied to the organization.	Results of customer perceptions ( $X_{6,1}$ ) Results of people's perceptions ( $X_{6,2}$ ) Results of business owners' and university's perceptions ( $X_{6,3}$ ) Results of public perception ( $X_{6,4}$ ) Results of partner and supplier perceptions ( $X_{6,5}$ )
Strategic and operational performance ( $X_7$ )	Strategic and operational performance is the company's ability to achieve predetermined goals and targets.	Achievement of strategic objectives ( $X_{7,1}$ ) Fulfillment of stakeholder expectations ( $X_{7,2}$ ) Economic and financial performance ( $X_{7,3}$ ) Predictive actions for the future ( $X_{7,4}$ )
Business Sustainability ( $Y$ )	Business sustainability is the consistency of an enterprise in continually pursuing development and improvement.	Profit - Benefit ( $Y_{1,1}$ ) Profit - Network ( $Y_{1,2}$ ) People - Labor ( $Y_{1,3}$ ) People - Community ( $Y_{1,4}$ ) People - Partners ( $Y_{1,5}$ ) Planet - Environment ( $Y_{1,6}$ ) Planet - Resources ( $Y_{1,7}$ ) Planet - Technology ( $Y_{1,8}$ )

Subsequently, a reliability test is carried out to measure the consistency of statements using the Cronbach's Alpha ( $\alpha$ ) test. If the  $\alpha$  value  $> 0.60$ , the statements are considered reliable. Next, the data is subjected to testing using Structural Equation Modeling (SEM) through the AMOS software. The estimation method employed is the maximum likelihood, with a sample size of 103. Subsequently, a normality test is conducted by assessing the critical skewness value, which should be less than 1.96 at a 5% significance level. The measurement model employed in this research utilizes Confirmatory Factor Analysis (CFA), including model identification, evaluation of goodness of fit, model validity testing, and model reliability testing. During model identification, a model is considered acceptable if it is either just identified or over-identified. Subsequently, goodness of fit is evaluated using parameters such as GFI, AGFI, TLI, and RMSEA (Ghozali, 2017). Validation testing is performed using convergent validity, with the requirement that loading  $> 0.50$ . Model reliability testing is done using construct reliability, with the criterion that the value  $\geq 0.70$ . In the structural model, the relationships between independent and dependent variables are depicted through path coefficients. If a variable obtains a p-value  $< 0.05$ , it is

considered to have a significant influence on business sustainability.

## RESULTS

This study involved 103 respondents, with females (56%) and males (44%), where the respondents came from engineering (75%), business & economics (20%), science (3%), and English (2%) study programs. The majority of participants come from engineering study programs (75%). The results of validity and reliability testing on the questionnaire indicate that all indicators and variables are deemed valid and reliable with an r-value  $> 0.195$  (degrees of freedom  $103 - 2$ , significance 0.05) and a value of  $\alpha > 0.60$ . In the normality test, a critical skewness value of 47.534 was obtained, which is greater than 1.96, indicating that the normality test cannot be accepted. Subsequently, a Bollen-Stine bootstrap test was conducted, yielding a p-value of 0.597 ( $p > 0.05$ ), thereby accepting the bootstrap test.

All the variables used received an overidentified model assessment. The goodness of fit evaluation was conducted by considering the fit criteria: GFI, AGFI, TLI  $\geq 0.90$ , and RMSEA  $\leq 0.08$ . If at least one criterion is met, the model can be used. In Table 2, it is found that all variables meet the fit criteria.

**Table. 2 Goodness of Fit Evaluation**

Variables	GFI	AGFI	TLI	RMSEA
Purpose, vision & strategy	0.987	0.961	1.019	0.000
Organizational culture & leadership	0.997	0.984	1.038	0.000
Engaging stakeholders	0.987	0.950	1.007	0.000
Creating sustainable value	0.978	0.888	0.862	0.124
Driving performance & transformation	0.993	0.967	1.027	0.000
Stakeholder perceptions	0.972	0.915	0.964	0.760
Strategic & operational performance	0.981	0.907	0.960	0.090
Business Sustainability	0.957	0.913	0.999	0.011

Furthermore, the convergent validity testing is carried out by examining the loading factor values. If there are indicators with values  $< 0.50$ , they should be excluded from the model. The results of the testing indicate

that the indicators in the independent variable have been deemed valid. However, in the dependent variable, which is business sustainability, two indicators,  $Y_{1.1}$  and  $Y_{1.2}$ , have obtained values  $< 0.50$ , thus requiring

their removal from the model. The loading factor values for each variable can be observed in Table 3. The construct reliability

testing yielded values of  $> 0.70$  for all variables, thus confirming the reliability of the model.

**Table 3. Loading Factors Values**

<b>Variables</b>	<b>Indicators</b>	<b>Loading Factors</b>
Purpose, vision, and strategy	X1.1	0.608
	X1.2	0.735
	X1.3	0.791
	X1.4	0.723
	X1.5	0.704
Organizational culture and leadership	X2.1	0.574
	X2.2	0.619
	X2.3	0.842
	X2.4	0.699
Engaging stakeholders	X3.1	0.741
	X3.2	0.670
	X3.3	0.692
	X3.4	0.659
	X3.5	0.768
Creating sustainable value	X4.1	0.535
	X4.2	0.534
	X4.3	0.698
	X4.4	0.676
Driving performance and transformation	X5.1	0.651
	X5.2	0.734
	X5.3	0.751
	X5.4	0.759
	X5.5	0.570
Stakeholder perceptions	X6.1	0.689
	X6.2	0.642
	X6.3	0.764
	X6.4	0.691
	X6.5	0.714
Strategic and operational performance	X7.1	0.728
	X7.2	0.736
	X7.3	0.671
	X7.4	0.731
Business Sustainability	Y1.1	0.476
	Y1.2	0.433
	Y1.3	0.718
	Y1.4	0.548
	Y1.5	0.730
	Y1.6	0.603
	Y1.7	0.783
	Y1.8	0.841

Furthermore in the structural model, the identification of the model resulted in being over-identified, and the goodness-of-fit

criterion, CMIN/DF, met the requirement with a value of  $1.999 < 2.00$ . A model can be considered good when it meets at least one

criterion (Aula et al. 2021). The path coefficient testing is utilized to examine the direct effect of independent variables on the dependent variable. In Figure 1, there is a structural model created to measure the influence of independent variables on the dependent variable. The results in Table 4 show that the variable engaging stakeholders has a p-value of  $0.719 > 0.05$  and a standardized regression weight of 0.212. As the p-value does not meet the required threshold, the engaging stakeholders variable is considered not to have a significant influence on business sustainability. Meanwhile, the variables of purpose, vision and strategy, creating sustainable value, and stakeholder perceptions have a significant influence with p-values  $< 0.05$  and a negative direction. This indicates that these variables have an inverse direction. The higher the values of these variables, the lower the business sustainability is likely to be affected. Therefore, in this study, only three hypotheses are accepted.

## DISCUSSION

Based on the results of the EFQM model influence test on business sustainability conducted on Wirausaha Merdeka tenants involving 103 respondents, it was found that the variables organizational culture and leadership, driving performance and transformation, strategic and operational performance have a positive influence on

business sustainability. Meanwhile, the variables purpose, vision, and strategy, creating sustainable value, stakeholder perceptions have a negative influence on business sustainability. Additionally, the engaging stakeholder variable does not have a significant influence on business sustainability. The majority of participants come from engineering study programs (75%). However, the influence given to business sustainability has the lowest value of 3.63. This can be one of the causes of the results obtained.

The variables of purpose, vision, and strategy have a negative influence on business sustainability. This is shown by p-value scores of  $0.000 < 0.05$  and an estimated value of -3.007. From the respondent data, it was found that one of the indicators, X1.2 “identify and understand stakeholders needs”, has the lowest average value of 3.64 among the four other indicators. The observation results revealed that the tenant has not formulated objectives, vision, and strategies aligned with stakeholder needs. The business profile of the tenant only briefly outlines its goals and business mission without linking them to stakeholder requirements. This condition results in a lack of clear objectives or targets for the business. The purpose, vision, and strategy serve as the primary foundation of a business. They drive the business to have specific targets to achieve.

**Table 4. The Path Coefficient Structural Model**

Parameter	Direct Effect	P-Value
Creating sustainable value	-1.269	0.020
Engaging stakeholders	0.212	0.719
Organizational culture and leadership	2.543	0.001
Purpose, vision, and strategy	-3.007	0.000
Driving performance and transformation	3.634	0.000
Stakeholder perceptions	-2.832	0.000
Strategic & operational performance	1.049	0.007

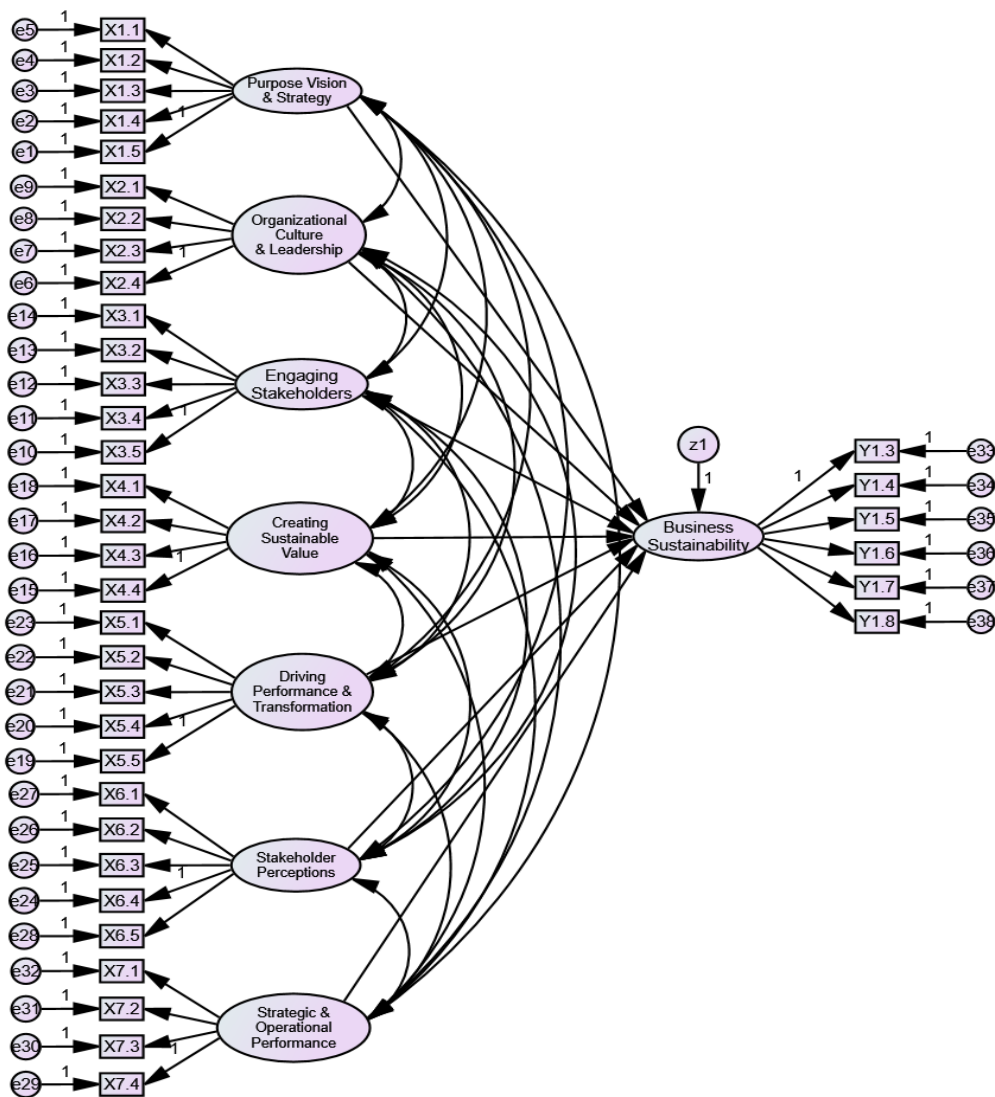


Figure 1. Full Model Fit

Sütőová et al. (2022), Fonseca et al. (2021) & Schulte (2024) stated that purpose, vision, and strategy play a crucial role in business sustainability. Furthermore, Octavia et al. (2023) & Ferrarini (2024) suggest that purpose, vision, and mission can serve as a strong foundation in building and maintaining business sustainability. According to the findings of the research conducted by Sütőová et al. (2022), purpose, vision, and strategy received a high rating (36% and 41%) in organizational performance assessment. However, in this study, purpose, vision, and strategy show a negative influence, indicating that an increase in purpose, vision, and strategy actually decreases business sustainability.

This research contradicts previous studies, leading to the rejection of Hypothesis 1.

The variables of organizational culture and leadership have a positive influence on business sustainability. This is indicated by a p-value of  $0.001 < 0.05$  and an estimated value of 2.543. From the respondent data, it was found that one of the indicators, namely X<sub>2.4</sub> “unite behind and engage in purpose, vision and strategy”, has the highest average value of 3.69 compared to other indicators. Observation results indicate that the tenant has a communication medium in the form of a WhatsApp Group (WAG) that includes business members, field supervisors, and coaches. The WAG has been used by the tenant for regular communication regarding



business operations. The tenant has been actively engaging in discussions about business planning within the WAG. Organizational culture serves to introduce and instill the values of the organization to its human resources. Elements of culture can be used by leaders as guidelines in decision-making to make the business run more effectively. Sütóová et al. (2022); Iqbal & Piwowar (2023) stated that leadership plays a crucial role in the development of employees, the availability and efficiency of resources, as well as managing partner relationships as the basis for renewing effective and efficient business process functions. Asbari et al. (2019) & Umrani et al. (2024) suggest that innovative leadership can have a positive impact on organizational culture. Previous research conducted by Manresa & Rivera (2021), it was found that leadership has a positive effect ( $p < 0.001$ ) on the social dimension of sustainable management. Kafetzopoulos & Gotzamani (2019) indicates a direct influence (estimates 0.689 and  $p < 0.001$ ) of leadership variables on business performance measured through enabler excellence. Consistent with previous research, the variables of organizational culture and leadership show a positive impact on business sustainability, thus Hypothesis 2 is accepted.

The engaging stakeholder variable has a p-value of  $0.719 > 0,05$  and an estimated value of 0.212. From the data obtained from respondents, it was found that one of the indicators, namely  $X_{3.5}$  “partners and suppliers: build relationships and ensure support for creating sustainable value”, has the lowest average value of 3.58 compared to other indicators. The observation results indicate that there are tenants who have not yet established partnerships or suppliers to support their business operations. These tenants do not yet require suppliers because their businesses are still in the early stages, and their operational needs are not extensive. Therefore, the involvement of suppliers with these tenants has not yet occurred. Engaging stakeholders is an effort to engage individuals who can influence or

be influenced by company decisions (Tjedahwati et al. 2018). Engaging stakeholders can be used as a strategy to initiate and create mutually beneficial, sustainable relationships for the company. Soto-Acosta et al. (2016) state that involving stakeholders in a business significantly affects business performance. Researchers also emphasize the importance of maintaining trust and mutual relationships with stakeholders. The research findings by Soto-Acosta et al. (2016), it was found that generally speaking, workforce, partners, stakeholders have a positive influence on business performance ( $\beta = 0.45$ ,  $p < 0.001$ ). Since the hypothesis contradicts the research findings, it can be concluded that Hypothesis 3 is rejected.

The creating sustainable value variable has a negative influence on business sustainability, as indicated by a p-value of  $0.020 < 0.05$  and an estimated value of -1.269. From the data obtained from respondents, it was found that one of the indicators, namely  $X_{4.2}$  “communicate & sell the value”, has the lowest average value of 3.62 compared to other indicators. The observation results indicate that the delivery of value from the tenant's products or services is still not carried out regularly. The social media used by the tenant to promote their products or services still lacks recent updates. As a result, brand awareness has not been able to reach a wider audience. de Menezes et al. (2021) stated that creating sustainable value is the fundamental basis for establishing quality as the foundation of sustainable business. Creating sustainable value is a part of product and service development to meet customer needs and satisfaction. Creating sustainable value can enhance a business's competitiveness against competitors, as the competitiveness of Small and Medium Enterprises (SMEs) in Indonesia is still relatively low, at 1.56% (Maulana et al. 2017). The research findings by Kafetzopoulos & Gotzamani (2019), states that product innovation has a significant and positive influence on business performance (estimates 0.615 and p

$< 0.001$ ). Since the findings of previous research do not align with this study, it can be concluded that Hypothesis 4 is rejected.

The driving performance & transformation variable has a positive influence on business sustainability, as indicated by a p-value of  $0.000 < 0.05$  and an estimated value of 3.634. Based on the data obtained, it was found that one of the indicators, namely  $X_{5.5}$  "manage assets and resources," has the highest average value of 3.77 compared to the other indicators. The observation results indicate that tenants have effectively managed their assets, as evidenced by cash flow reporting from their business operations over the course of two months. This cash flow report describes both the expenses and income generated from tenant business operations. Driving performance is an effort to optimize operational efficiency and effectiveness to achieve better results. Meanwhile, driving transformation relates to how businesses can adapt to change, adopt new technologies, develop innovative products or services, and change market strategies. Manresa & Rivera (2021), which states that driving performance and transformation can increase competitive advantage in business. In previous research conducted by Kafetzopoulos & Gotzamani (2019), it was found that driving performance and transformation have a positive effect (estimates 0.459 and  $p < 0.001$ ) on business performance represented by process variables. In this case, it can be concluded that Hypothesis 5 is accepted.

The stakeholder perceptions variable has a negative influence on business sustainability. This is indicated by a p-value of  $0.000 < 0.05$  and an estimate value of 2.832. Based on the data obtained from respondents, it is evident that tenants have a predominant focus on their primary customer base. This focus is reflected in the observation results, particularly in the case of one indicator,  $X_{6.4}$ , 'society perception results,' which exhibited the lowest average value of 3.54 when compared to other indicators. The observation results show that

tenants have not discussed the agenda related to empowering the surrounding community. Tenant business orientation is still focused on the main customer. Tenants strive for their products or services to be accepted by the market first. As a result, it will require more time for tenants to shift their orientation toward the community. Stakeholder perception refers to the views, judgments, and opinions held by various parties who have an interest in business sustainability efforts (EFQM, 2021). These perceptions include that the business has implemented environmentally friendly practices, the business has provided social benefits to the surrounding community, and the business has loyal customers and a good reputation. From the research conducted by Sütöová et al. (2022), it was found that the stakeholder perception variable received a low ranking in terms of performance management assessment. However, de Menezes et al. (2021) stated that business sustainability orientation will correlate with customer perception, people, and society because their satisfaction and loyalty have an impact on company performance (estimates 0.76 and  $p < 0.001$ ). Social responsibility activities towards society have been associated with customer perceptions of differentiation, product quality, satisfaction, and loyalty to trusted businesses. Thus, stakeholder perceptions should have a positive influence on business sustainability. Therefore, it can be concluded that Hypothesis 6 is rejected.

The strategic & operational performance variable has a positive influence on business sustainability. This is indicated by a p value of  $0.007 < 0.05$  and an estimated value of 1.049. Based on the data obtained, it was found that one of the indicators, namely  $X_{7.1}$  "achievements in delivering purpose, strategy and creating sustainable value" has the highest average value of 3.62 compared to other indicators. The observation results show that tenants have already set targets and performance indicators, including milestones they aim to achieve in the next four quarters. Each quarter outlines specific

targets to be achieved, along with the mission statement that tenants are committed to in support of the sustainability of their business. Strategic and operational performance focuses on outcomes related to business performance in the ability to meet objectives, deliver strategy, and create sustainable value (EFQM, 2021). The results obtained on business performance can be used by business owners to monitor, understand, and improve their overall performance. de Menezes et al. (2021) & Sarda et al. (2023) stated that operational performance directly affects business sustainability. From previous research conducted by Sütöová et al. (2022), it was found that strategic and operational performance variables received high ratings in the assessment measurement. This indicates that strategic and operational performance has a positive influence on business sustainability, so Hypothesis 7 is accepted.

## CONCLUSION

The research results indicate that in the EFQM 2020 model, there are three hypotheses that are accepted, including organizational culture and leadership,

driving performance and transformation, as well as strategic and operational performance, which have a positive influence on business sustainability. On the other hand, the variables purpose, vision and strategy, creating sustainable value, as well as stakeholder perceptions have a negative influence on business sustainability. Additionally, the engaging stakeholders variable does not have a significant influence on business sustainability. The aspiration of this research was for all variables in the EFQM 2020 model to have a positive influence on business sustainability. However, due to the presence of results that do not align with this aspiration, it signifies that the implementation of the EFQM 2020 model in the Wirausaha Merdeka tenant is not yet optimal. This suggests that efforts can be undertaken to improve the variables that exhibit negative influence or lack of influence on business sustainability. For future research, it is recommended to introduce moderating variables to gain deeper insights into the impact of the EFQM 2020 model on business sustainability.

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