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Financial Sustainability: Exploring the Influence of the Triple Bottom Line Economic Dimension on Firm Performance

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Abstract: Triple Bottom Line (TBL) may be one of the best weapons in one of today's biggest business challenges, achieving sustainability. Despite the importance of the economic dimension of TBL for companies' competitiveness, financial sustainability remains undervalued in research and business management practises. Thus, there is a need to deepen the knowledge about the relationship between sustainable business practises and the economic performance of firms. This study aims to analyse the influence of the economic dimension of TBL on firm financial performance. Three multiple linear regression models were estimated by the generalised method of moments for a sample of 70,057 Portuguese companies grouped according to their size. The results reveal that the economic dimension of TBL influences the financial performance of companies in a positive way, both at the level of value creation and from the perspective of company continuity. The study uses accounting indicators as the representatives of the economic dimension of the TBL and its consideration in conjunction with the stakeholder theory. The use, monitoring, and evaluation of the financial indicators of value and continuity that translate the application of TBL in the financial performance of companies may lead them to achieve financial sustainability.

Keywords: triple bottom line; economic dimension; financial sustainability; business performance; business strategy; stakeholder theory

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1. Introduction

Achieving the levels of sustainability imposed by the 2030 Agenda is one of the main challenges for companies. To become, or to remain, sustainable, companies need to learn to deal with their own development [1]. One of the tools available to companies to deal with the sustainability issue is the Triple Bottom Line (TBL) framework. The TBL construct, designed by Elkington in 1996, sees companies and organisations as value creators in several dimensions and argues that this value should be accounted for [2–4]. Having been designed for businesses, the TBL focuses on finding balance and consistency in businesses' social, environmental, and economic values [5,6]. This is at the heart of TBL, also identified as the 3Ps: profit, planet, and people [7]. As such, it is made up of three dimensions, economic, environmental, and social [8] and emphasises the concordance between economic well-being, the condition of the environment, and the parity of the members of a society [9]. It is translated by the effect of an organisation's activities, arising from its will or legal impositions, that reveal its aptitude to maintain financial viability without its operations causing negative impacts on the ecological or social systems [10]. TBL should be incorporated into a company's language [11].

Firms should understand TBL activities' opportunities to strengthen competitive advantage and strategic position [12]. Actions that make economic performance thrive and take care of environmental and social issues are expressly indicated by TBL [13]. One of the key concepts in sustainable development is the economic dimension [14]. It is this dimension that expressly accounts for the financial performance of companies [13]. In the long-term reasoning, profit is the decisive factor for companies to focus on sustainability issues [15]. The pressure on companies to succeed and to sustain that success in the future is increasing [16]. In this context, companies' ability to grow economically enables them to achieve favourable financial performance [17]. In this way, the economic dimension of TBL creates the link between the economic growth of the company and the economic system surrounding it, making progress and the ability to sustain future generations possible [5]. On the other hand, it allows for aligning the business strategy with the results that stakeholders expect, bringing the objectives of the different stakeholders closer to sustainable financial accounting [18].

The economic dimension of TBL encompasses all intra- and intergenerational issues, with a concern for long-term existence, across a wide range of company functions, such as production, purchasing, marketing, or logistics [19]. These concerns translate into financial sustainability, whose exclusive objective is the financial security of companies in the long term [19], maximising companies' value and guaranteeing their continuity.

Although financial sustainability is explained in the Sustainable Development Goals, it is still unclear how business practises can achieve it and how companies can apply it to their financial strategies. The economic dimension of TBL can help achieve financial sustainability, and it is vitally important to understand how the forces that make up the economic dimension of TBL work [20]. There is also a need for further research to deepen the knowledge of firm financial levers that can support sustainability and profitability [21], to understand the relationship between sustainable business practises and firm financial performance [16] and that is dedicated to the assessment of the financial sustainability of companies [22].

Despite the growing interest in research between companies' sustainable practises and their financial performance, there is no consensus [16,19] on their effect and relationship. Financial sustainability is a decisive control criterion but remains under-represented in research and business management practises [19]. Thus, this study aims to analyse the influence of the economic dimension of TBL on firm financial performance. An important research question arises: does the economic dimension of the TBL contribute to achieving financial sustainability?

This study is one of the first to start from the relationship of the economic dimension of TBL with the performance of companies to gauge financial sustainability. Another of the original attributes of this study is that accounting for the indicators of firms represents the economic dimension of TBL. It departs from quantitative techniques, using accounting data of firms to conduct an econometric analysis using the generalised method of moments supported on a panel of financial data on firms from 2010 to 2020. These data reflect the performance of companies. It should also be noted that a differentiated approach to stakeholder theory was carried out. The study considers applying the basic principles of the economic dimension of TBL in concordance with the stakeholder theory. This new approach can enable companies to achieve financial sustainability, creating value and ensuring the continuity of the companies.

This paper is organised as follows. After the introductory section, Section 2 covers Literature Review and Hypotheses Development, detailing the theoretical framework and formulation of the research hypotheses. Section 3, Materials and Methods, describes the research design, data collection, and analytical techniques employed. Section 4 presents Results, summarising the key findings from the data analysis. In Section 5, Discussion, the implications of these findings are analysed and interpreted. Finally, Section 6 concludes the paper by summarising the main findings, discussing limitations, and suggesting directions for future research.

2. Literature Review and Hypotheses Development

2.1. Stakeholder Theory

When we think about the relationships between firm sustainability and the financial performance of companies, the stakeholder theory is predominant [23]. The development of a strong relationship with stakeholders, thanks to the ethical behaviour of companies, allows them to acquire a competitive advantage [24]. Companies have a mission, and their ability to achieve the goals for its realisation can affect or be affected by stakeholders [25,26]. We can see the company as an organisation made up of interdependent parts, but with opposing intentions, and the attempt to align the interests of the owners with those of the different groups interested in the operation of that company is the goal of the stakeholder theory [27,28]. The notion that there is a group whose support is vital to the survival of organisations was the original definition of the stakeholder concept [26]. This implies that stakeholders' needs and concerns have to be considered when thinking about strategy and formulating firm objectives so that the company continues to garner the support necessary for its survival [26]. It is from the integrated action of the multiple stakeholders that benefits will be obtained for all [29]. When we think about adopting sustainable management practises, the pressures exerted by stakeholders such as shareholders, suppliers, clients, communities, governments, competitors, and non-governmental organisations, among others, are crucial in considering or not considering their adoption [30–33].

2.2. Triple Bottom Line

The TBL framework is a vital tool for companies addressing sustainability issues, as it provides a comprehensive approach to evaluating firm performance [2,34]. Unlike traditional financial metrics, the TBL framework prompts organisations to consider economic, environmental, and social dimensions simultaneously, fostering a broader perspective on the corporate success [2]. These three dimensions, recognized as crucial for business value, align with the values of sustainable development—economic prosperity indicates productive capacity and quality of life; environmental integrity relates to the ecosystem's ability to regenerate; and social equity guarantees resource access for all stakeholders [35,36]. The TBL concept emphasises the equal importance of these dimensions [37,38]. Recognised as a transformative force, TBL's holistic approach addresses the complex interplay between economic, environmental, and social factors, promoting resilience, innovation, and sustainability within the corporate sector [11]. As businesses acknowledge the interconnectedness of their success and societal well-being [29], integrating TBL principles becomes both a moral imperative and a strategic necessity for achieving a competitive advantage and ensuring a harmonious future.

2.3. Financial Performance

Creating wealth that at least covers costs is vital for a successful sustainable business model [15]. The effectiveness with which a company employs its assets and resources to optimise its profitability is translated by financial performance measures [39]. Financial performance can be adequately measured by return on assets (ROA) [40]. This is one of the most popular accounting-based measures of financial performance [41–44] and can be used as a source of data for the most complex mathematical models [45]. ROA measures the capacity to use the company's assets [39,46,47]. It is calculated from earnings before interest, taxes, and total assets [42]. Therefore, comparing companies' profitability with different degrees of indebtedness is possible [46]. The improvement in ROA can be achieved by decreasing costs or assets, increasing revenues, or combining these three strategies [40].

2.4. Financial Sustainability

The overarching goal of sustainability is to address consumerism in a way that the expenditure of resources does not compromise their future availability [48]. Financial sustainability strives for the development and survival of companies while trying to generate value for investors [49]. Business security, stability, and viability are benchmarks for companies' financial sustainability [22]. A long-term financial balance that resists external threats and negative impacts is synonymous with financial security [50]. The capacity to generate profit and increase invested capital defines financial stability [45], and financial viability is the distribution of a company's financial results that attests to the company's long-term sustainable development [51]. These assumptions are in line with what this study assumes with financial sustainability. This study starts from the vision of financial sustainability along the lines of Zabolotnyy and Wasilewski [22], who define it in two dimensions, value and continuity, and who bear in mind that the relationship between return and risk is not linear and is influenced by multiple endogenous and exogenous factors. Thus, the long-term survivability of a company and its ability to generate value for its owners are measures that may influence the financial performance of companies as reflected by the optimisation of profitability, activity, liquidity, and leverage indicators.

2.4.1. Business Value

This study's first set of indicators represents companies' value vectors. The financial factors relate to operating efficiency, productivity, and profitability [22].

One of the most important accounting measures is Return On Equity (ROE), which translates accounting returns by measuring companies' operating results, considering the generally accepted accounting principles [51]. It represents the net profit to equity ratio [52]. Since net profit to equity sets the optimal level of equity retirement, cash patronage refunds, and growth to be maintained, it is an appropriate measure of the opportunity cost of equity [53]. Consequently, the net profit to equity ratio change reflects the risk [54]. Future earnings can be forecasted from this ratio [55] and net profit to equity is strongly correlated with corporate governance [56] and positively linked to stock returns [56,57]. So, the following hypothesis was formulated:

H1. *The net profit to equity ratio, as a proxy for the economic size of TBL, has a positive influence on the ROA of (a) small, (b) medium, and (c) large companies.*

The strength of companies can be represented by their assets [58]. Therefore, when we look at a company's value drivers, we should analyse the asset structure. This can influence the financial performance of companies [59–61] and establishes that the current and fixed assets' allocation takes evidence of which assets support the operational activities [59]. Companies with assets able to cover their debts have easier access to financing [59], but an increase in liquidity caused by an increase in current assets can be synonymous with management's inability to expand the business [62]. It becomes evident the importance of the balance between investment in assets, which makes the company solid in the eyes of investors, and the optimisation of current assets. In this study, the ratio of total assets to current assets was used to assess the positive influence of asset structure on firms' performance. This led to the formulation of the following hypothesis:

H2. *The total assets to current assets ratio, as a proxy for the economic size of TBL, has a positive influence on the ROA of (a) small, (b) medium, and (c) large firms.*

Another measure of firm value is the asset turnover ratio, which translates how efficiently or not managers use assets to create profits [63–65]. This ratio of revenue to total assets not only helps investors understand how companies use assets to generate sales [66], but it also enables comparisons to be made between similar companies [67] because it measures the ability of companies to create profits and also to mitigate different costs [68].

Normally, a continuously rising asset turnover ratio suggests a company's gradual evolution and high profitability [65]. It is logical to use efficiency ratios to understand the financial performance of firms [69] since it can be assumed that the efficient use of assets generates positive returns [43]. Thus, there may be a positive relationship between firms' performance and asset turnover ratio as shown by Chakrabarti and Chakrabarti [43] and Li et al. [69]. Since this ratio is a way to evaluate the ability of firms to create wealth, hypothesis 3 was formulated:

H3. *The assetturnover ratio, as a proxy for the economic size of TBL, has a positive influence on the ROA of (a) small, (b) medium, and (c) large firms.*

2.4.2. Business Continuity

Another measure of the financial sustainability of companies is the continuity principle, which represents the long-term survivability of companies. The notion that companies should maintain their activity in the future is the basic accounting principle for most recognition and assessment criteria [70]. The liquidity and capital structure analysis may represent the continuity dimension's indicators. Companies exhibiting strong indicators of continuity demonstrate a high level of financial sustainability [22]. Therefore, the overall strength of continuity indicators within a company can result in a positive influence on ROA.

The first continuity indicator considered in this study, the current ratio, translates for all stakeholders the ability of companies to meet current obligations [71]. It is a vital part of working capital management, including the management of current assets and liabilities, which are essential for solvency potential and viability in the short term [72]. All organisations should consider it an important part of their financial management [73,74]. It impacts directly on the solvency [75–78], liquidity [79,80], and profitability [44,81,82] of companies. Therefore, the current ratio provides a metric by which the firm's ability to maintain operational continuity and secure its long-term viability can be assessed. With the high monetary values that it represents and with its weight in the activity of companies, the following hypothesis was formulated:

H4. *The current ratio, as a proxy for the economic size of TBL, has a positive influence on the ROA of (a) small, (b) medium, and (c) large firms.*

The second continuity indicator considered in this study is the total liabilities to total assets ratio, which measures how many liabilities are covered by assets. This is a frequently used indicator (Kliestik et al., 2020 [83]) with empirical support that allows its inclusion in firm default models [84]. The ratio between total liabilities and total assets reflects how a firm finances its operations by reflecting its financial strength and capital structure [85]. It is one of the measures of capital structure [85,86]. Since the seminal work of Modigliani and Miller [87,88], numerous financial studies have discussed the relationship between capital structure and firm performance, and disparate results have been identified [89]. Because a high index may indicate that shareholders' wealth is low and solvency problems exist, in this context, the following hypothesis was formulated:

H5. *The total liabilities to total assets ratio, as a proxy for the economic size of TBL, has a positive influence on the ROA of (a) small, (b) medium, and (c) large firms.*

Figure 1 shows the hypotheses formulated and the research model.

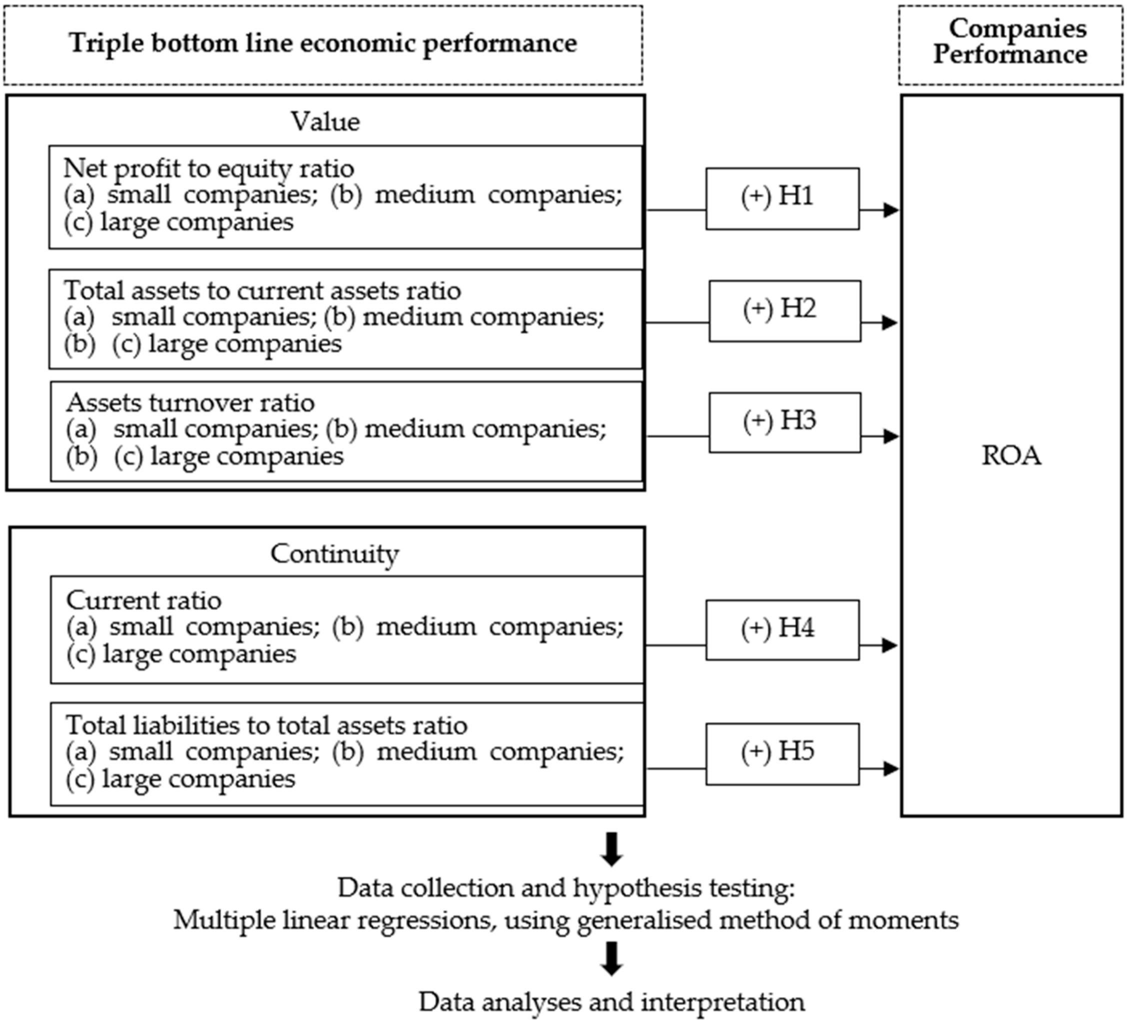

Figure 1. The hypotheses formulated and the research model.

3. Materials and Methods

Given the objective of this study and the hypotheses formulated, we use a quantitative methodology. We built a data panel with accounting information from companies collected in the SABI database for the period from 2010 to 2020. The firms considered in the sample are Portuguese; small, medium, and large; and they are in active status. Financial companies were excluded because their accounting has very specific aspects that are not comparable with non-financial companies. The research sample comprises a diverse array of firms operating across various sectors. Included in the sample are companies dedicated to agriculture, animal production, hunting, forestry, fishing, extractive industries, manufacturing, electricity, gas, steam, water supply, sanitation, waste management, pollution control, construction, wholesale and retail trade, vehicle repair, transportation, storage, accommodation, food service, information and communication, real estate, consulting, scientific, technical services, administrative support, education, human health, social work, arts, entertainment, sports, recreation, other services, and households employing domestic personnel. Thus, we gathered the financial information of 70,057 companies in a sample, of which 17,657 were small companies, 49,371 medium-sized companies, and 3029 large companies. The criteria for aggregating companies by size follows the official recommendations of the European Union. Thus, small enterprises are those with between 10 and 49 employees and an annual balance sheet and/or annual turnover equal to or less than EUR 10 million; medium-sized enterprises are those with between 50 and 249 employees and an annual balance sheet not exceeding EUR 43 million and an annual turnover not exceeding

EUR 50 million. Those exceeding the limits of medium-sized enterprises are considered large enterprises [90].

With this sample, three multiple linear regressions were estimated by applying the generalised method of moments. This method is suitable for panel data and allows dealing with the potential presence of endogeneity and heteroskedasticity [91–96]. It also allows us to increase the estimates' precision and obtain information about the dynamic behaviour of the variables [97–99]. The estimated models are assumed to be based on the following Equation (1):

$$Y\_it = ß\_1\ Y\_(it - 1) + ß\_2\ Z\_it + \mu\_it + e\_it \quad (1)$$

In which Y_it is ROA as a measure of firms' performance; Y_(it − 1) is the lagged ROA variable for the firm i in the period t − 1; Z represents the five independent variables for the five indicators (net profit to equity ratio, total assets to current assets ratio, asset turnover ratio, current ratio, and total liabilities to total assets); μ are the unobserved effects at the firm level; and e is the error term.

Variables

The dependent variable was the return on assets (ROA) because this indicator allows companies to use assets comprehensively [39]. Ha et al. [100] used ROA as a financial performance proxy. It is a widely accepted and effective indicator of earnings creation through the use of assets. Its use as a measure of firms' financial performance has been used in several studies, namely the more recent ones [100–106].

The independent variables used in this study were chosen to start from the view of financial sustainability as the ability of an organisation to continuously generate value for owners through the optimal mix of funding sources and investment [22]. Indicators are presented that seek a balance between these two forces, which may present ambiguous influences. On the one hand, excessive concentration on value creation may cause financial difficulties or even bankruptcy [107]. On the other hand, when managers focus on continuity, maximising liquidity and solvency, the firm's profitability may decrease [108]. Financial condition, debt, asset condition, and capacity for development have been recognised as broad economic indicators [109]. Thus, as presented in Table 1, three indicators representing the strength value of the firm (net profit to equity ratio, total assets to current assets ratio, and asset turnover ratio) were considered independent variables. And two indicators to represent the continuity strength (current ratio and total liabilities to total assets). Table 1 also shows the acronyms and formulae for calculating the ratios used in the study.

Table 1. Dependent and independent variables.

Dependent Variable			**Acronyms**	**Formula**	**References**
Return on assets			ROA	Earnings before interests and taxes/total assets	[104,105]
Independent Variables	Hypotheses	Expected influence			
Net profit to equity ratio	H1 (a) (b) (c)	Positive	NPE	Net profit/equity	[54,56]
Total assets to current assets ratio	H2 (a) (b) (c)	Positive	TACA	Total assets/current assets	[59,61]
Asset turnover ratio	H3 (a) (b) (c)	Positive	AT	Revenue/assets	[43]
Current ratio	H4 (a) (b) (c)	Positive	CUR	Current assets/current liabilities	[82,110]
Total liabilities to total assets ratio	H5 (a) (b) (c)	Positive	TLTA	Total liabilities/total assets	[85,86]

4. Results

This study employs the generalised method of moments (GMM) to investigate how financial ratios contribute to the economic aspect of Triple Bottom Line (TBL) across three distinct categories of firms: small, medium-sized, and large. These econometric models are specifically designed to examine the dynamic relationships between various financial performance indicators (net profit to equity ratio—NPE; total assets to current assets ratio—TACA; asset turnover ratio—AT; current ratio—CR; and total liabilities to total assets ratio—TLTA) and return on assets (ROA) over time, while carefully accounting for panel data characteristics and addressing potential issues related to endogeneity.

The variance inflation factor (VIF) is widely recognized as a standard diagnostic tool for detecting multicollinearity [111]. To verify the multicollinearity in the analysis presented in Table 2, we assess the VIF. The results indicate that multicollinearity is not a concern in this study, as all the VIF values are below five [112].

Table 2. Variance inflation factor.

	Model 1	**Model 2**	**Model 3**
	Small Firms	**Medium Firms**	**Large Firms**
NPE	1.0000	1.0000	1.0000
TACA	1.0000	1.0000	1.0000
AT	1.0018	1.0000	1.0000
CUR	1.0000	1.0000	1.0000
TLTA	1.0018	1.0000	1.0000

The results of the analysis are presented in Table 3, where three separate multiple linear regression models are estimated using the GMM method. Model 1 focuses on the small firms, Model 2 on the medium-sized firms, and Model 3 on the large firms. Each model assesses how different financial ratios impact the economic dimension of TBL, as indicated by ROA, which serves as a proxy for the firms' financial performance.

Table 3. Results of generalised panel method of moments (dependent variable: ROA).

	Model 1	**Model 2**	**Model 3**
	Small Firms	**Medium-Sized Firms**	**Large Firms**
NPE	0.044 (0.389) ***	0.031 (0.404) **	0.080 (5.161) ***
TACA	0.068 (0.000) *	0.046 (0.007) *	0.077 (0.001) ***
AT	0.019 (4.705) ***	0.020 (2.073) ***	0.032 (4.890) ***
CUR	−0.034 (0.000) **	0.415 (0.006) **	0.042 (0.013) *
TLTA	0.017 (0.096) ***	0.333 (0.028) ***	0.017 (0.063) ***
Obs.	157 077	455 094	32 559

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$; standard errors are shown in parentheses.

To validate the hypotheses, statistical analyses were conducted using the Eviews 12 software (IHS Markit, Irvine, CA, USA). This approach allows for a comprehensive exploration of how financial metrics influence profitability across firms of varying sizes, contributing valuable insights to both academic research and practical implications in corporate sustainability and financial management.

The results from Model 1, focusing on the small firms, reveal significant impacts of several financial ratios on ROA. Net profit to equity shows a positive influence ($\beta = 0.044$, $p < 0.01$), indicating that higher profitability relative to equity enhances ROA. Similarly, total assets to current assets positively affects ROA ($\beta = 0.068$, $p < 0.10$), suggesting that efficient asset management strategies contribute to higher profitability. Asset turnover also demonstrates a positive relationship with ROA ($\beta = 0.019$, $p < 0.01$), indicating that higher asset turnover boosts profitability. However, current ratio exhibits a negative association with ROA ($\beta = -0.034$, $p < 0.05$), implying that higher liquidity does not necessarily translate into higher profitability for small businesses. Total liabilities to total assets positively influences ROA ($\beta = 0.017$, $p < 0.01$), suggesting the effective leverage of assets to enhance profitability. These results confirm hypotheses H1a, H2a, H3a, and H5a, while hypothesis H4a is not supported.

In Model 2, which examines medium-sized enterprises, all the financial ratios show positive associations with ROA. That is, for the net profit to equity ratio, the β has a value of 0.031, for the total assets to current assets ratio, the β is 0.046, the β of asset turnover ratio is 0.020, the current ratio has a β of 0.415, and the total liabilities to total assets ratio has a β of 0.033. These results collectively indicate that medium-sized enterprises derive significant benefits from enhanced profitability relative to equity, the efficient utilisation of assets, and the effective implementation of leverage strategies. These findings provide empirical support for hypotheses H1b, H2b, H3b, H4b, and H5b, underscoring the importance of these financial metrics in driving profitability and operational efficiency within medium-sized firms.

Model 3 focuses on large firms and examines the robustness of financial ratios in predicting ROA in this sector. The model evaluates the same set across a larger scale of operations, where financial decisions and management strategies may have broader implications on firm performance. By analysing large companies separately, this model aims to provide insights into the scalability of financial management practises and their impact on ROA, thereby contributing to a comprehensive understanding of corporate financial performance dynamics. All the hypotheses, H1c, H2c, H3c, H4c and H5c, were accepted. All the independent variables have a positive impact on ROA (for net profit to equity ratio the β has a value of 0.080, the total assets to current assets ratio has a β of 0.077, a β of 0.032 is the value of asset turnover ratio, current ratio has a β of 0.042, and finally, total liabilities to total assets ratio presents a β of 0.017).

5. Discussion

At the genesis of this study is the intention to analyse the influence of the economic dimension of TBL on firms' financial performance. To this end, this study fits into the stakeholder theory and analyses the financial sustainability of companies as an integral part of the economic dimension of TBL and as an influencer of the financial performance of companies. The bringing together of these scientific fields is fruitful in the contributions it can provide regarding companies' financial returns. Regarding Accounting for Sustainability and Stakeholders, value creation for stakeholders and sustainable development are the aspirations of business activity [113]. It is well known that the better the relationship between companies and stakeholders, the better their financial performance will be [26]. In this context, accounting information needs to be adapted to stakeholders' interests and priorities. These stakeholders can define standards or guidelines for sustainability performance measurement or assessment [114]. When we think about sustainability performance measurement and assessment, there is a discrepancy between research objectives (accuracy) and practise (simplicity) [114,115]. Even so, it contributes to the creation of information that enhances the creation of value for stakeholders when evaluating the outcomes of companies [18]. Turning attention to the creation of value for stakeholders can contribute to the development of accounting practises that will be disseminated by companies and will receive the support of stakeholders. For this support to be effective, it is vital to identify the ratios that influence the financial performance of companies, and that contributes so that the separation between economic and sustainable accounting and between financial and other stakeholders ceases to exist. The incompatibilities that sometimes exist between stakeholders force managers to reflect deeply on the company's mission and the business's specific objectives. It also forces them to adopt a strategy that includes stakeholders in creating solutions and analyses that allow them to overcome the technocratic vision of the complex problems of sustainability [116]. Thus, new perspectives are needed in the treatment of human resources management, organisational culture, and education so that the involvement of managers in collaboration with stakeholders is effective, serious, and constructive [116]. The empirical results of this study contribute to the standardisation of the criteria for the election of the most appropriate ratios for the assessment of the impacts of financial sustainability on the financial performance of companies and the approximation of the sustainability criteria between management and stakeholders.

The results of this study show that the gains from operating income or capital inflows are presented in the accounting results [51], such as the net profit to equity ratio. Its positive influence on firms' performance is observable in the results of all the models, that is, in the models of small, medium, and large firms, which reinforces previous findings. For Yu et al. [55], the net profit to equity ratio predicts future earnings. Araújo and Machado [57] assume that this ratio can be strategically used because it can be a part of the explanation of stock returns. This positive influence of the net profit to equity ratio is evident in firms' strategy architecture achieving stock returns [56].

The results also highlight that the total assets to current assets ratio positively influences the performance of small, medium, and large firms, following the results of numerous other asset structure studies [59–61]. Assets, the resources that firms own and control, have a preponderant influence on firms' sustainable profitability [58]. In addition, an efficient stock management improvement is positively related to ROA [117].

In the case of the asset turnover ratio, there is also a positive influence on the performance of companies of all the dimensions studied, reinforcing previous results from other studies. This ratio reflects the efficiency with which revenue is created from assets [118] (Xu et al., 2022, and can significantly predict ROA [119]. Previous studies found a positive relationship between the asset turnover ratio and ROA [43,69,120], and the ability of asset turnover to predict profitability [66].

When the study focuses on the current ratio, it is found that there is a difference in their behaviour. That is, there is no unanimity because only in medium and large companies the influence of this ratio on company performance is positive. This may represent that small firms have a different degree of transformation of current assets into cash than medium-sized and large firms. This denotes different degrees of short-term liquidity [121]. This means that small firms may have higher business risk than other firms, which explains the absence of a positive relationship between working capital and profitability [122,123]. On the other hand, medium and large firms can be assumed to have better liquidity than small firms. Improving liquidity allows profitability management [73,124]. Several studies have found a positive relationship between the current ratio and the performance of firms measured by ROA [110,125–127]

Finally, the total liabilities to total assets ratio indicates that its influence on the performance of small, medium, and large firms is positive. Previously, results with positive and negative influences have been found [89]. But the recent study by Nguyen and Nguyen [85] argues that an increase in this ratio implies a decline in the performance of firms. A high value of this ratio indicates solvency problems and may indicate that enterprises may show signs of financial distress [83]. It may be associated with low chances of survival [128]. Therefore, this ratio is a good predictor of bankruptcy [84,129–131]. The negative correlation between capital structure and firm performance [132] can be explained by the existence of underinvestment-related debt [133].

According to these results, it can be assumed that the influence of the economic dimension of TBL on firms' financial performance is positive in almost all the analyses carried out. Only the current ratio of small companies does not exert this positivity, and the ratios used for the performance evaluation are adequate and deserve special attention from the managers and stakeholders. Thus, the alliance between the stakeholder's theory and the economic dimension of TBL may be the facilitators of an improvement in the financial performance of companies.

5.1. Theoretical Implications

This study contributed to the stakeholder theory by demonstrating that sustainability performance measurement and assessment enable the provision of information to stakeholders that enhances companies' value creation and continuity. In this way, sustainable strategic management can provide stakeholders with interesting financial returns. They also contribute to aligning economic and sustainable accounting with stakeholder objectives. These interests may sometimes be opposed, thanks to the very nature of each stakeholder, their wishes and ambitions for the companies, and their environment. Furthermore, this study contributes to deepening the knowledge and application of TBL, demonstrating that applying the basic principles of the economic dimension of TBL can allow companies to achieve financial sustainability, creating value and ensuring the continuity of companies. Finally, the valorisation, evaluation, and motorisation of accounting indicators as a way to achieve financial sustainability extends companies' theoretical principles of strategic management. It should be incorporated into their business model.

5.2. Practical Implications

Valuable practical implications can be inferred from this study. First, the much-needed overcoming of the technocratic view of complex sustainability issues forces managers to think about them more holistically and constructively including all the stakeholders in the design of business strategies. Human resource management and organisational culture should be adopted to disclose information concerning the influence of TBL's economic dimension on companies' financial performance. This disclosure should be made taking into account the characteristics of each of the stakeholders. And is an integral and fundamental part of the definition of the company's strategy and, as such, of the business model. Secondly, companies need to define a sustainable financial management control system, systematically collecting data of an accounting nature and monitoring them to define a sustainable financial strategy based on indicators for the creation of value and the continuity of the company. Companies should adopt digital technologies such as big data analytics for a more powerful information system. An efficient information system will support companies' financial decisions at the strategic level (investments) and the operational level (operating activity). In addition, it will allow companies to ensure a sustainable competitive advantage and to have financial information that allows them to anticipate situations that may compromise future value creation and, to a limit, their survival. Thirdly, in training managers, the critical thinking of assembling a strategy and objectives and solving network problems, while integrated into a complex business environment, should be fostered by linking managers to all the stakeholders. Finally, policymakers can foster financial sustainability by rewarding companies with balanced and favourable accounting indicators of value creation and continuity. This reward could take the form of non-refundable subsidies, subsidised financing interest rates, and exemptions from certain fees and commissions.

5.3. Limitations and Future Lines of Research

The fruitful contributions of this study do not exclude its limitations. There may be reverse causation and other factors that were not observed but may simultaneously affect the economic dimension of TBL and the financial performance of firms. This possible causal relationship should be investigated in future studies. Also, the choice of the measures of the economic dimension of TBL and the financial performance of firms may have influenced the results. As such, further study of the measures of assessing financial sustainability, the economic dimension of TBL, and the influence they have on the financial performance of firms should be undertaken to identify which measures are most appropriate robustly. There is also a need to study how these forces relate to each other and sustainable practises. The study of stakeholders' expectations can guide the presentation of accounting information.

6. Conclusions

This study aims to analyse the influence of the economic dimension of TBL on firms' financial performance. It presents empirical evidence supporting the positive influence of this dimension on financial sustainability. The economic dimension of TBL consists of several functions. This study focuses on financial sustainability, whose purpose is the creation of value and the survival of the company in the long term. It represents the balance between return and risk without jeopardising the gains of the various stakeholders.

The analysis indicated a predominantly positive relationship between financial ratios (net profit to equity ratio, total assets to current assets ratio, asset turnover ratio, current ratio, total liabilities to total assets ratio), and the economic aspect of TBL across small, medium-sized, and large firms. This study is one of the first to be based on analytical techniques with accounting data to assess the relationship of the economic dimension of TBL with the financial performance of companies as a way for companies to achieve financial sustainability. The results show that TBL's economic dimension can positively influence financial performance. It is also found that the choice of ratios for assessing the influence of the economic dimension of TBL on the performance of companies is appropriate. It also contributes to the standardisation of the criteria for the election of the most appropriate ratios for assessing the impacts of financial sustainability on the financial performance of companies and for the approximation of sustainability criteria between management and stakeholders. Those responsible for designing and implementing firm strategy should pay special attention to them. The joint consideration of the stakeholder theory and the economic dimension of TBL can allow the achievement of financial sustainability.

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