

## **Innovation and Triple Bottom Line: The Role of Environmental Dynamism**

U. Vithusa\*, A.A.K.K. Jayawardane and P.O. De Silva

*Department of Management Sciences, Faculty of Management, Uva Wellassa University, Badulla, Sri Lanka*

*\*Corresponding Author E-mail: uruththirarajah19622018@gmail.com, TP: +94763996802*

Small Medium Enterprises (SMEs) are considered as driving engines of a country's economy. In Jaffna District, there has been no significant improvement in the development of SMEs due to inadequate financial resources, lack of governmental support, work condition, inadequate innovation and environmental pollution. Hence, SMEs organizations are using some innovative practice to achieve their sustainability with regards to Triple Bottom Line (TBL) goals are arisen to measure SMEs performance. However, this study aims to consider Environmental Dynamism as a moderating variable, to build a conceptual framework for innovation and triple bottom line goals. Thus, this study evaluated the relationship between innovations and Triple bottom line and while the relationship between innovation and Triple Bottom Line with Environmental Dynamism. Questionnaires were distributed by using random sampling technique to collect primary data from 120 managerial level employees who are working in 120 SMEs manufacturing organizations that are registered under Industrial Development Board (IDB) in Jaffna District. Moreover, descriptive statistics as mean, standard deviation and percentage were analyzed through SPSS software. The measurement model was tested through content validity, convergent validity and discriminant validity and structural model as Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis and Assessment of moderation analysis were performed to analyze the research objectives using Smart PLS 3. Software to analyze those data. The results of the study indicated that there is a positive relationship between innovation and Triple bottom line goals. Further identified, environmental dynamism is negatively moderated relationship between innovation and Triple Bottom Line goals. Based on research findings, the study recommended that when SMEs produces new products or services to their market, they must concern about their people, profit and environment. Detailed findings say that innovation leads to achieving TBL in the SMEs strongly influence on environmental dynamism. Finally, this study would be done a greater job to increase the performance of SMEs in Jaffna District.

**Keywords:** Environmental Dynamism; Innovations; Small Medium Enterprises (SMEs); Triple Bottom Line