

## Determinants of Sustainable Development among Malaysian Small and Medium Enterprises: A New Conceptual Framework

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**Abstract:** Sustainable development is an emerging paradigm designed to strike the balance between the ecological health of the planet and human development in a manner that ensures that both meet the needs of the present without compromising the future. However, little is known about the determinants of sustainable development among Small and Medium Enterprises (SMEs) in Malaysia. As such, the present study fills up the gaps by examining the relationship between integrated management systems, technology and innovation capability, sustainability orientation, green corporate image, government support and sustainable development. This research applies a quantitative survey method using a self-administrated survey questionnaire to collect data from SMEs in Malaysia. Data from this survey will be analyzed using PLS-SEM to examine the associative relationship between determinants of sustainable development and sustainable development. This study will contribute to the body of knowledge by documenting factors that lead to sustainable development, namely integrated management systems, technology and innovation capability, sustainability orientation, green corporate image and government support. It also will benefit both enterprises and the government in building competitive, resilient, and sustainable enterprises in the domestic and international markets.

**Keywords:** *Green Corporate Image, Government support, Integrated Management Systems, Sustainability Orientation, Sustainable Development, Technology and Innovation Capability.*

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### 1. Introduction and Background

Throughout the period since the release of the Brundtland Report by the World Commission on Environment and Development (WCED, 1987), the sustainable development concept has been gaining continually more interest from a majority of research disciplines in the recent decade. The world saw an increasing focus on business opportunities with the green agenda where traditional business was to encouraged to transform their business to reflect their concern for environmental and social issue (Mazutis and Sweet, 2022). The commitment of social entrepreneurs to social goals can lead them to exploit limited resources and act productively within institutional constraints (Dyck et al., 2019). Despite institutional failures surrounding them, many enterprises attempt to implement strategies that promote sustainable development. Hence, sustainable entrepreneurship can be interpreted as a spin-off concept from sustainable development. Sustainable entrepreneurs are those companies that contribute to sustainable development by sustainably doing business (Lazano et al., 2015). Sustainable entrepreneurship has been widely debated lately (Zeng, 2017). Despite that, there is a lack of thought of the sum and substance of this phenomenon and the future of sustainable entrepreneurship in theory and practice (Muñoz & Cohen, 2018; Terán-Yépez et al., 2020).

As such, sustainable entrepreneurship emerges. As an important domain within the entrepreneurship study at present (Munoz and Cohen, 2018; Hall et al., 2010) and there is growing recognition that fundamental transformation is needed to reduce detrimental environmental and societal impacts created by our currently unsustainable business practices (Hall et al., 2010). In this context, sustainable entrepreneurship is increasingly recognized as a significant conduit for bringing about a transformation to sustainable products and processes, with numerous high-profile thinkers advocating sustainable entrepreneurship as a panacea for many social and environmental concerns (Hall et al., 2010). Besides, Shepherd et al. (2011) argued that in today's world, the question of how businesses can become a vehicle toward more sustainable development has become more relevant than ever. As a way to solve the problems, crucial to a more sustainable economy is the successful implementation of sustainable practices through entrepreneurial activities (Patzelt & Shepherd, 2011). According to Gimenez et al. (2012), a company needs to operate responsibly and sagacious, look after employee health and safety, and quality of work-life of the external community. In turn, Patzelt and Shepherd (2011) stated the need to explore the role of entrepreneurial action.

As a mechanism for sustaining nature and ecosystems. In this way, sustainable entrepreneurship aims to promote positive environmental and social change and establish a platform presenting new opportunities for businesses, decision-making, and new products or services from the very beginning to the end, rather than pursuing economic profits as the primary objective (Zeng, 2017). Another expansion of this trend was that there were calls for targets on social and environmental practices to be determined at a multi-national or national level and a regional level (Apostolopoulos et al., 2018). Although the promise sustainable entrepreneurship holds for fostering sustainable development, there remains considerable uncertainty regarding the nature of sustainable entrepreneurship's role in the area. In addition, the determinants of sustainable development among small and medium enterprises in emerging economies are understudied (Zeng, 2017). The academic discourse on sustainable development within the mainstream sustainable entrepreneurship literature has to date been sparse. While entrepreneurs have long been recognized as a vehicle for exploiting emerging opportunities associated with societal needs, little understanding of how entrepreneurs will discover and develop those opportunities beyond the pull of existing markets. Thus, the case for sustainable entrepreneurship as a panacea for transitioning towards a more sustainable society is alluring.

There remain significant gaps in our knowledge of whether and how this process will unfold (Zeng, 2017). Besides, the relationship between sustainable entrepreneurship and sustainable development is often more prescriptive than descriptive and, perhaps, overly optimistic. Hence, it remains an open question as to what entrepreneurs have the potential for creating sustainable ventures, and if sustainable-oriented entrepreneurs differ from traditional entrepreneurs. Research is also needed to explore the role of public policy and how it may positively influence the incidence of sustainable entrepreneurship (Hall et al., 2010). Small and Medium-Sized Enterprises (SMEs) have attracted research in various fields of study (Mazutis & Sweet, 2022). Because of their predominance, SMEs' significant role in preserving the environment is self-evident (Fonseca et al., 2020). Prashar and Sunder (2020) pointed out that research in operation management literature on sustainability considerations towards the social issue and environment and social dimensions were less explored. Despite the wealth of literature available in the field, there is a lack of a theoretical framework explaining sustainable development in SMEs (Sarango-Lalangui et al., 2018). As such, further study needs to be conducted to better explain the phenomena of sustainable development within the context of small businesses.

## 2. Literature Review

Sustainable Development requires a fundamental shift in consciousness as well as action. It calls for a fresh vision, a new dream, and new approaches for shaping evolving new realities. As early as Zhou Dynasty (110BC-771), realized that the mountains, forests, and rivers should be rationally used according to the laws of nature rather than overexploiting them (Shi et al., 2019). Thus, it is a development paradigm as well as the concept that calls for improving living standards without jeopardizing the earth's ecosystems or causing environmental challenges such as deforestation and water and air pollution that can result in problems such as climate change and extinction of species (Benaim et al., 2008; Browning & Rigolon, 2019). Its significance has been growing since 1972, when "sustainable development" was first coined at the United Nations on the Human Environment, beginning the concept of sustainable development. Later, in 1987, the World Commission on Environment and Development drafted a report on human development, "Our Common Future," which the first time systematically stated the definition of sustainable development.

The definition emerging from the report, "Sustainable development is a development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs" (WCED, 1987), emphasizes the dynamic aspect of sustainability. At its core is the notion that all-natural systems have limits and that human well-being requires living within those limits. Issues such as population, food, spices, genetic resources, energy, human habitation, social justice, and human development within the framework of social equity and equitable distribution and resource utilization were highlighted in the "our common future" reports (WCED, 1987). The ensuing decades saw fundamental challenges to sustainable development and sustainable growth at all levels of systems, from individual to global. Sustainable development came as an idea for the past more than 130 years ago (George, 1879). It evolved and gained significant popularity and emergence by increasing interest from the academic scholar.

Especially on operation management, which recognized sustainable development (WCED, 1987) as a critical and inter-disciplinary field of research (Gunasekaran & Spalanzani, 2012; Prashar & Sunder M, 2020). Unsustainable business practices have had a negative impact both socially and environmentally due to the misuse of natural resources and the non-conservation of the environment (Ben Youssef et al., 2018). Small and Medium-Sized Enterprises have attracted research interest since the early 1980s from researchers in management (Yap et al., 1992), organization studies (Paniccia, 1998), and many other research domains (Yap et al., 1992). SMEs represent about 90 percent of enterprises globally and employ 50-60 percent of the world's population, which means that many countries' business sector is mostly composed of SMEs (Dey et al., 2018). Because of their predominance, SMEs' significant role in preserving the environment is self-evidence (Fonseca et al., 2020). Pullman et al. (2009) pointed out that research in operation management literature on sustainability considerations towards the social issue and environment and social dimensions were less explored.

Behnam and Cagliano (2017) argued that very few papers considered all dimensions of sustainability simultaneously (economic, environmental, and social). Furthermore, a few of these reviews were specific to SMEs. At present, SMEs have considered the aspects of social implication and environmental protection in strategy formulation to improve economic welfare (Gast et al., 2017; Prashar & Sunder, 2020). While economic sustainability in SMEs is vital for their survival, the social and environmental dimensions and economic dimensions improve their overall performance by creating a new form of competitive advantage (Schwab et al., 2019). Hence it is very crucial to explore sustainable development in SMEs to gain a better understanding of the economic, social, and environmental impact of their operations to ensure the well-being of future generations (Prashar et al., 2020). The main message concerning sustainable development concepts is geared toward the economy, the environment, and society. Specifically, they relate, among others, to the conservation of ecosystems and biodiversity, production systems, population control, human resource management, conservation of progressive culture, and people's participation (Molinario et al., 2020).

### **Dimensions of Sustainable Development**

**VUCA Approach:** The VUCA concept was first introduced by the U.S. military after the end of the Cold War to describe the conditions of a world ever more challenging to predict and rely on, shaped by Volatility, Uncertainty, Complexity, and Ambiguity (Shambach, 2004). Since its first appearance in the 1990s, the concept was quickly embraced by other fields such as strategic decision-making, risk management, and situational problem-solving. Business and management science adopted the VUCA concept after the financial crisis in 2008–2009 when societies, companies, and organizations all over the world suddenly found themselves faced with similar conditions in their social and economic environments and model (Bennett & Lemoine, 2014). Current research on the VUCA concept focuses on its consequences for sustainable leadership and strategic development and the challenges of adapting managers' and decision-makers mindsets to these new conditions. Even though the principles have been addressed individually, the VUCA concept has less studied its way into environmental science or conservation practice (Schick et al., 2016). A conservation site is defined to be subjected to "VUCA" conditions if the system expresses the following symptoms:

- A change toward increasing dynamics and speed of change forces (Volatility).
- A high degree of uncertainty within the main drivers of the system (Uncertainty).
- A high number of interlinkages within the system and with modes of higher orders (Complexity).
- Multiple interpretations of current and future conditions (Ambiguity).

In many cases, these global and national challenges are unprecedented with the rapidity and frequency of change in the modern era, becoming increasingly difficult to forecast and gauge. Many commentators note that we live in a time of VUCA, i.e., in a time where volatility, uncertainty, complexity, and ambiguity abound, and where such a state of affairs is becoming more, rather than less, commonplace (Bennett & Lemoine, 2014). As Bennett and Lemoine (2014) identified, VUCA is a worldview that describes four situations. The situation is volatile. There is a rate of change itself, uncertain where there is a lack of clarity about the present and future outcomes, complicated where there are multiple and competing decision factors, and ambiguous. There may be a multiplicity of meanings and significance. Economic, social, and environmental factors deeply rooted in Sustainable Development principles are integral components of organizational sustainability.

Through experiential learning experiences and dialogues during the Caribbean Canada Emerging Leaders' Dialogue (CCELD) 2019, they considered the extent to which small, medium, and large enterprises in the country are sustainable in the context of volatility, uncertainty, complexity and ambiguity (VUCA).

### **Sustainable Development Theories**

**Resources-Based View Theory:** Utilizing the resources-based view, Barney (1996) defined sustainable development SMEs in terms of resources within the internal and external factors that determine SMEs' sustainable development. Accordingly, sustainable development can be viewed as mobilizing individual and interdependent resource stocks that enable and contribute to sustainability activities within its natural context. The resource-based view, which had been developed within the field of strategic management, focuses on sustainable and unique costly-to-copy attributes of the firm as the sources of economic rents. For example, the firm's fundamental drivers and sustainable competitive advantage are required for sustainable development and superior financial performance (Teece, 2016). A firm's capabilities in obtaining and maintaining profitable market positions depend on its capacity to gain and defend advantageous positions concerning the firm (Conner, 1991). Barney (1996) posited that a firm's success in the market not only depends on environmental factors but also the firm's functions and influence on the environment. He suggested that sustainable development's critical resources should be valuable, rare, imperfectly imitable, and not substitutable. Besides, Grant (1991) indicated that resources must capture durability, transparency, transferability, and replicability.

**Institutional Theory:** Institutional Theory is an alternative theoretical lens to previous research that has focused on Corporate Social Responsibility (CSR) and environmental management (Bai & Sarkis, 2010). The strength of Institutional Theory is that it explains why certain practices are chosen without an apparent economic return (Berrone et al., 2010). Sustainable development is an essential agenda in the modern business world (Amaeshi et al., 2008). Institutional Theory describes three forms of drivers that create isomorphism in organizational strategies, structures, and processes (Green Corporate Image). These drivers are coercive, normative, and mimetic (DiMaggio and Powell, 1983). Coercive occurs from influences exerted by those in powerful positions. Coercive pressures are crucial to driving environmental management and hence sustainability (Kilbourne et al., 2002). Normative drivers ensure organizations conform to be perceived as partaking in legitimate actions (Sarkis et al., 2011). Ball and Craig (2010) found that normative pressures drive enterprises to be more environmentally aware and argue that institutional research is needed to understand new social rules (e.g., ethical values and ecological thinking) and organizational responses to environmental issues. Therefore, normative drivers exert influence because of a social obligation to comply, rooted in the social necessity or what an organization or individual should be doing (March and Olsen, 1989). Mimetic isomorphic drivers occur when enterprises imitate successful competitors' actions in the industry and attempt to replicate the path to success and legitimacy (Sarkis et al., 2011).

**Ecological Modernization Theory:** This concept was first developed in theoretical terms in the early 1980s (Weber and Weber, 2020). Various used to refer to the significant change internationally in policy discourse concerning the environment whereby the consistent overexploitation of Western industrial societies' environment is no longer accepted as routine (Cohen, 1998). In a wide-ranging review, Mol and Sonnenfeld (2000) identified three stages in the maturation of ecological modernization theory. The first was characterized by a heavy emphasis on the role of technological innovation, a critical attitude towards the role of the state, and bias towards market solutions (Hajer, 1995). From the late 1980s to the mid-1990s, the second took a more moderate view of the roles of technological innovation, the state, and the market and emphasized institutional and cultural dynamics (Hajer, 1995). The Brundtland Report (WCED, 1987) embedded the new thinking in broader principles, which recognized that environmental safeguarding in the longer term requires concerted socio-economic and cultural change internationally; and Agenda 21 (UNCED, 1992) codified processes by which the growth might be achieved. In the third and current stage (Lash et al., 1996), the debate has broadened to include consumption and global processes in the international arena. Social movements modify their functions so that reform ideologies take precedence over confrontation with the state, and intergenerational solidarity towards environmental protection is assumed. The food industry also produces a great deal of solid waste, mostly in packaging materials, by-products, and domestic waste, thus placing an additional burden on waste management (Rahim & Raman, 2015).



## Determinants of Sustainable Development

**Integrated Management Systems:** Integrated management systems (IMS) can be a path for inducing sustainability (Anholon et al., 2018) mainly because manufacturing companies have undergone significant changes in the last few decades. As IMS can be shaped according to an organization's needs, they are capable of including different management system standards. Therefore, there are still debates about IMS. Before dwelling on the content of IMS, it is necessary to explain the concept of integration. Integration refers to "completion" and "aggregation" (Cambridge, 2020). However, the term integration should not be confused with "combination" and "compliance" in terms of management system standards (MSSs). Compliance refers to parallel MSSs prepared for the same discipline despite showing significant differences in terms of structure and content (Zeng et al., 2017). Concerning the term combination, it is the creation of a new system by adding different management systems to each other. The Malaysian Department of the Environment (DOE, 2010) released environmental performance reports showed that small and medium enterprises in the food and beverage industry were the leading contributor to water pollution and that the sector only complied with the minimum required level of relevant environmental regulations, which is in contrast to other industries (Rahim & Raman, 2015). Meanwhile, this particular industry uses a tremendous amount of energy, which results in the generation and emission of a vast amount of carbon dioxide (Karakaya & Özilgen, 2011). Consequently, there is interest among Malaysian food companies in responding to environmental impacts to reap some benefits by implementing environmental management systems, preferably ISO 14001 EMS (Musa & Chinniah, 2016).

**Technology and Innovation Capability:** Van Kleef and Roome (2007) defined innovation as the process of discovery and development that generates new products, production processes, organizations, technology, and institutional and systemic arrangements. This definition includes employing ideas, knowledge, and technology in a manner that enables firms to improve performance significantly. Onsel et al. (2008) indicated that innovation is not necessarily related to problem-solving but is instead typically related to improving competitiveness and economic success, and it is frequently spurred by technology. The previous literature distinguished the different types of innovation as technology, process, product and service, management, operations, and organization (McFadzean et al., 2005). For a firm, a competitive advantage not only is dependent on research and development but also is enhanced by potential technology (Chang and Chen, 2019).

In reality, most firms cannot have up-to-date technology developed in-house because of the increasingly complex nature of technology and short product life cycles. Suppose a firm wants to remain competitive in the market. In that case, it must quickly integrate, adapt, and upgrade the diversity of its external and internal information storage, retrieval, and analytical tools that relate to necessary work activities in addition to business and management functions with external technologies and on-time product launches (Chang and Chen, 2019). Therefore, searching for the internal factors that encourage technological innovation capabilities might augment the firm's understanding of innovative processes (Kafetzopoulos & Psomas, 2015). In terms of technology activities, vital networking and social capabilities benefit technology innovation because of the collaboration among actors in a network, as design can be achieved by implementing additional capabilities from outside sources (Becker & Dietz, 2004).

**Sustainability Orientation:** Firms' sustainability orientation (SO) is widely understood as a strategic resource, leading to competitive advantage and superior firm performance. While recent empirical evidence suggests a moderate and positive relationship between SO and financial performance on a firm level, it understood the influence of SO on new product development (NPD) success (Claudy et al., 2016). The result of sustainable products and services is still one of the least understood sustainability management areas, providing a clear mandate for further research (De Medeiros et al., 2014). In operational efficiencies, higher quality products and more excellent customer value ultimately lead to superior organizational performance (Hart, 1995). Sustainability orientation has defined the level of concern about individuals' environmental protection and social responsibility and consists of items that measure the underlying attitudes and personal traits on ecological protection and social responsibility (Kuckertz & Wagner, 2010). It reflects its convictions and beliefs on sustainable entrepreneurship. Its relationship with opportunity recognition and entrepreneurship intention is still questioned. Sustainability orientation can help to understand the

entrepreneurial purpose, to some extent focusing on sustainable development (Wagner, 2012) even though sustainability orientation and its positive impact on entrepreneurial intention tend to disappear with business experience.

**Green Corporate Image:** The green corporate image is reckoned to be the driving factor in the current business setups. Stakeholders' green perception of the firm encourages the growth of businesses. The organization moves from established companies to running businesses with sustainable agenda that creates value for their brand. Too and Bajracharya (2013) state in their research that the number of consumers preferring to purchase from companies that care about sustainability is growing. This statement is further strengthened by Namkung and Jang (2013) in their study by stating customers are more likely to choose a green restaurant that supports more green experiences and involvement. Although most leading brands have moved towards developing and introducing eco-friendly products in the current business era, it still faces a significant challenge to overcome consumer skepticism about their green operations and green attributes (Kumar & Christodoulopoulou, 2014). These are seen as greenwashing, where many organizations claim to be green when they are not practicing it.

**Government Support:** Some dimensions of sustainable development need more support and attention from the government and its political leaders. Hence an integrated approach is imperative (Hasna 2007). Without an integrated approach, governments may direct their focus only on some dimensions (i.e., political and economic) and neglect others. Humankind's impact on the ecology resulted in waste accumulation, pollution, "squeezing" of natural resources (water, marine life, timber, etc.), the so-called greenhouse effect, and climate change. This condition makes it clear that present levels of output and the impact on resources and the environment are unsustainable. Yet, it seems as if the global community is committed to an economic system that multiplies consumption levels (Van der Waldt, 2015). These make the role of the government as a catalyst for change even more indispensable. Moreover, it should be understood that the government's role in society, and in general, has expanded dramatically over the past century. In comparison to pre-20th century functions, governments have taken on new and vast roles that typically comprise a modern state (Brown 1991). Recognizing that SMEs, especially private firms, is the critical engine for economic growth, the government has set up supporting measures and issued various incentives. Although these policies cover all the different aspects of support for SMEs, difficulties in their implementation still exist because of unclear and unrealistic requirements (Le, 2010).

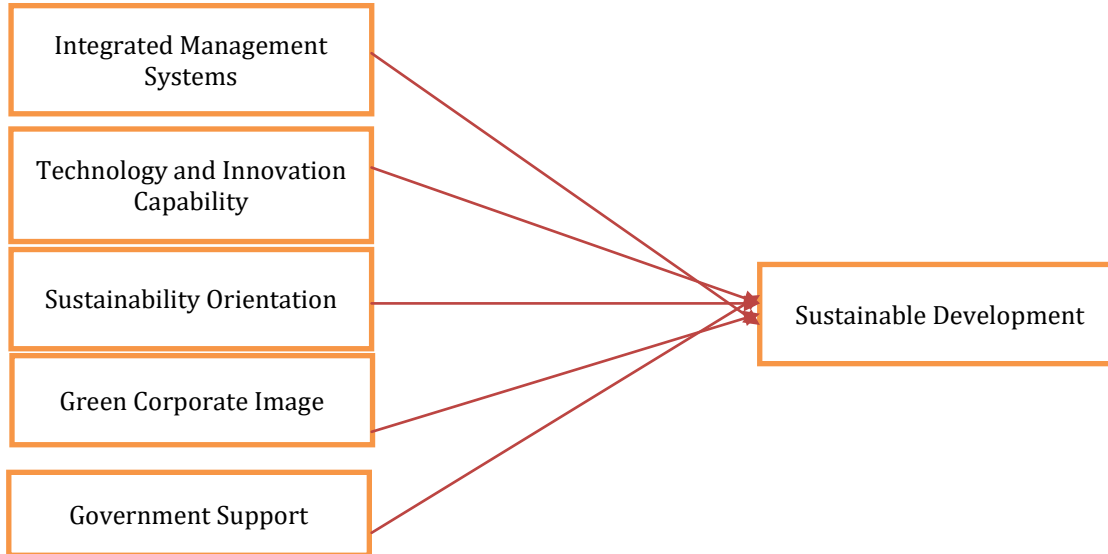
### 3. Proposed Conceptual Framework

Based on the above literature review, the Proposed Conceptual Framework of this study is developed. The framework is built around the concept of sustainable development that consists of sustainable development properties (VUCA Approach). Other building blocks of the framework are organizational and environmental characteristics. The SMEs under study features are reportable by the SMEs owner, Chief Executive Officer, or general manager. Notably, the proposed conceptual framework proposes that there is a relationship between the determinants of sustainable development (organizational and environmental characteristics) and sustainable development, which are expected to be positive. For example, the relationships between the determinants of sustainable development and sustainable development constructs are hypothesized to be positively associated. From this hypothesis, specific hypotheses for individual constructs then follow. To illustrate, integrated management systems are positively related to sustainable development. The framework advances SMEs' sustainable development research by clarifying the newly emerging field of sustainable entrepreneurship and its theoretical foundation within sustainable development research.

Sustainable entrepreneurship placed more importance on entrepreneurship and entrepreneurs (and their characteristics), broadly considered the critical variables in SMEs' sustainable development research. The proposed research framework is expected to provide several contributions to the literature. It addresses the development of an integrated and multidisciplinary approach to understanding the sustainable development of SMEs in Malaysia. Sustainable development cannot be fully explained by one theory and is better explained with an integrated approach (Yepez et al., 2020; Munoz and Cohen, 2018). Thus, this framework integrates several theories related to sustainable development discussed in this chapter, namely the resource-based view, ecological modernization theory and game theory. Besides, it also focuses on the multidisciplinary field

of study, sustainable entrepreneurship, strategic management, information systems, economic and statistics, management, and organization studies to better understand, fully explain, and document the sustainable development of SMEs in Malaysia. This framework also considers environmental factors in terms of government support that may impact the sustainable development of SMEs (Hall et al., 2010). Thus, this research is based on the Proposed Conceptual Framework presented in Figure 1 below.

**Figure1: Proposed Conceptual Framework**



**Hypotheses Development:** Several hypotheses are developed based on the literature review and related theories. These hypotheses focus on the influence of integrated management systems, technology and innovation capability, sustainability orientation, green corporate image and government support on sustainable development. Details of the specific research propositions are presented as follows:

**The Effects of Integrated Management Systems on Sustainable Development:** Integrated management systems provide organizations with a management philosophy that enables processes to be successfully managed and achieve desired results. When executives and other employees internalize the emerging management philosophy, it has a positive impact on sustainable development and provides many benefits to the organization (Anholon et al., 2018). Performed literature research indicates that integrated management systems have a constructive effect on management, employees, production, environment, market, occupational health, and safety processes. Integrated management systems focus on companies' medium- and long-term goals rather than the improvement in short-term indicators and form a corporate culture to this end (Gomes et al., 2006). As such the present study purpose:

**H1:** Integrated management systems relate positively with sustainable development.

**The Effects of Technology and Innovation Capability on Sustainable Development:** In the literature, innovation is considered an important element of firm success (Delgado-Verde et al., 2011). Harper and Becker (2004) indicated that innovation resulted in significant change, preferably an improvement in the real product, process, or service that exceeds the impact of previous achievements; these authors further indicated that innovation supported sustainable business management. Firms encourage innovation to achieve production and marketing goals, improve product or service quality, lower their operational costs, increase their market share, attain production flexibility, and enhance the management process (Walker et al., 2011). The above discussion signifies the importance of technology and innovation capability for sustainable development and leads to the following proposition:

**H2:** Technology and innovation capability relate positively to sustainable development.

**The Effects of Sustainability Orientation on Sustainable Development:** Sustainability orientation (SO) refers to the belief in integrating environmental and societal considerations in business operations (Kuckertz

& Wagner, 2010). It demonstrates the readiness of the organization to implement sustainability-related initiatives (Prasad, 2015). Entrepreneur's sustainability orientation is defined as the entrepreneur embracing goals or objectives that 'focus on preserving nature, life support, and community. It is perceived opportunity to bring into existence future products, processes, and services for gain. The benefit is to include economic and non-economic gains to individuals, the economy, and society (Patzelt & Shepherd, 2011). More elaborately, Klewitz & Hansen (2011) illustrated that sustainability orientation comprises a generation of intelligence about creating opportunities, proactiveness, and managing risks. It was related to present and future economic, social, and environmental progression, the diffusion of that acumen across departments, and the organization's self-renewal (Klewitz & Hansen, 2011). Therefore, it can be expected that sustainable development will be influenced by sustainability orientation. This leads to the following proposition:

**H3:** Sustainability orientation relate positively to sustainable development.

**The Effects of Green Corporate Image on Sustainable Development:** The corporate image definition is seen as what the stakeholders perceive the organization as a business (Amores-Salvadó et al., 2014). Corporate image is perceived as the feature of an organization in the eye of its stakeholders. It is the desired general impression of the organization in the minds of its stakeholders. Organizations spend their vital resources i.e., money, time, and people, to build a strong corporate image (Poon Teng Fatt et al., 2000). Studies have shown that companies tend to secure a position in the industry through this image and create a competitive edge for themselves (Too & Bajracharya, 2015). Several types of research have focused on the green corporate image (GCI) across various industries. Bansal and DesJardine (2014) indicated a diverse GCI effect on several internal and external organizational factors such as employee work-life, top management support and commitment and organizational sustainable development. Therefore, it can be argued that:

**H4:** Green corporate image relates positively with sustainable development.

**The Effects of Government Support on Sustainable Development:** Recognizing the critical role of Small and Medium-Sized Enterprises (SMEs) in the nation's economic activities, the Government of Malaysia has introduced several assistance programs. Incentives are called government-support programs (GSPs), consisting of financial and credit assistance, marketing, market research, technical and training assistance, extension and advisory services, and infrastructure support. The GSPs aimed at preparing sustainable growth for SMEs. However, the contribution of GSPs toward business growth in SME firms is still questionable. GSPs are lacking and not delivering enough towards developing and strengthening local SMEs (Hasna, 2007). Thus, it is expected that government support will impact sustainable development. This leads to the following proposition:

**H5:** Government support relates positively to sustainable development.

#### 4. Research Methodology

This research applies a quantitative survey methodology using self-administered survey questionnaires to collect data from a sample of sustainable development SMEs in Malaysia. According to Amaratunga et al. (2002), quantitative methods help researchers establish statistical evidence on the strengths of relationships between exogenous and endogenous constructs. They also argued that the statistical results provide directions of relationships when combined with theory and literature. Furthermore, Cavana (2001) suggested that quantitative methods can be utilized to verify the hypotheses and provide strong reliability and validity. The study's target populations are the sustainable development SMEs in Malaysia. This research explores sustainable development SMEs involving manufacturing, service and agriculture focusing on established firms, traditional, low-technology, and high-technology industries consistent with the literature's recommendation for greater diversity in the industry scope (Zahra et al., 1999) in the emerging economies. The aim is to assess whether theoretical perspectives developed in mature market contexts are valid in emerging economies and obtain clear sustainable development patterns and outcomes. The key informants in this survey are the owners or the highest-ranking officers of Malaysian SMEs. They are believed to be the most knowledgeable about their firms' characteristics, management style, operations, and firms' performance (Roth and O'Donnell, 1996). Data collected from this survey will be analyzed using partial least squares structural equation modeling (PLS-SEM) to examine associative relationships between integrated management systems, technology and innovation capability, sustainability orientation, green corporate image, and government support and sustainable development.



## 5. Conclusion

Sustainability is an increasingly important issue for many people, especially in the business world. For business owners, leaders, and administrators, sustainable business practices are becoming imperatives that lead to the sustainable competitive advantage of a firm. Making businesses more sustainable starts with being aware of the issue at hand and understanding just how important it is to make changes both for the business and the planet. A sustainable business adheres to the triple bottom line which is profits, people, and the planet. A sustainable business earns profits by being socially responsible and protecting the use of the planet's resources. Sustainable development practices take an initial investment, but, over time, it will save money by prioritizing sustainability which can improve operational efficiency and cut costs. The entrepreneur should be aware of the complexities of sustainable development and the necessity of performing regular evaluations of factors related to sustainable development. Significant factors include integrated management systems, technology and innovation capability, sustainability orientation, green corporate images and government support. Small and medium enterprises are often recognized as the most important contributors to gross domestic product and employment. Therefore, the federal government should offer tax credits, rebates and savings for going green which can develop sustainable competitive small and medium enterprises in the domestic and international markets.

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