

## Business Sustainability of SMEs In Malaysia

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**ABSTRACT:** This study explores the outcomes of the "Talk Series" community engagement program, which aimed to enhance understanding and awareness of sustainable business practices among SMEs and stakeholders in Malaysia. The program effectively introduced key business sustainability concepts through a structured approach involving expert lectures and interactive discussions, including its benefits, challenges, and practical applications. The findings indicate that the program motivated participants to adopt sustainable practices, emphasizing their potential to improve business reputation, operational efficiency, and innovation while contributing to broader societal and environmental goals. However, the program faced limitations, including a restricted participant scope, short duration, and resource constraints among SMEs. This research highlights the effectiveness of knowledge-sharing initiatives in promoting sustainable business practices. It underscores the need for expanded, long-term engagement to support the broader adoption of sustainability in the SME sector. The outcomes of this program contribute to advancing sustainable economic and environmental practices in Malaysia, aligning with global sustainability objectives.

**Keywords:** Business sustainability, SMEs, Sustainable Practices, Environmental Impact, Economic Growth, Malaysia, Sustainable Development.



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## INTRODUCTION

In this modern era, sustainability has become one of the primary approaches to addressing increasingly complex environmental and social challenges. Sustainability is a principle aimed at meeting the needs of the present without compromising the ability of future generations to meet their own needs. Previous research has extensively examined the role of sustainability in enhancing business performance and resilience, particularly in the context of small and medium enterprises (SMEs). For instance, studies such as those by Agyapong et al. (2017) have explored how sustainable practices influence SMEs' competitive advantage and long-term profitability (Agyapong et al., 2017). Similarly, a study by Taneja, Pryor, and Hayek (2016) highlighted the critical role of

leadership in driving sustainability initiatives within SMEs (Taneja et al., 2016). In the Malaysian context, Hashim et al. (2018) investigated the relationship between government policies and adopting sustainable business practices among SMEs, identifying key enablers and barriers (Hashim et al., 2018). Furthermore, Zulkifli and Rosli (2020) emphasized the importance of green technology adoption and its impact on SMEs' environmental performance (Zulkifli & Rosli, 2020). Despite these contributions, limited research focuses on integrating digital transformation and sustainability strategies among Malaysian SMEs. This research seeks to bridge this gap by examining how digital tools, such as artificial intelligence, big data analytics, and cloud computing, can enhance the sustainability of SMEs in Malaysia. It explores the role of digitalization in optimizing resource utilization, reducing operational costs, and increasing market competitiveness while adhering to sustainability principles.

This study introduces a novel framework that combines sustainability practices with digital innovation, providing actionable insights for policymakers and business owners. It extends the understanding of sustainability in SMEs and offers practical strategies to navigate the challenges of a rapidly changing business landscape.

Regarding sustainable development in the business world, there is an understanding that businesses focused solely on financial profits have transformed into entities that are also responsible for their impact on the environment and society. This concept is known as "Business Sustainability," an effort to achieve harmony among economic, environmental, and social aspects of business operations (Elkington, 1997). This concept of business sustainability has become a central concern in the modern business world due to increased awareness of traditional business practices' environmental and social impacts. Sustainable businesses recognize that financial profits should not be achieved at the expense of natural ecosystems, human rights, or the broader community's interests (Kolk & Perego, 2010). In today's business context, profound changes occur across various economic and social aspects, making business sustainability an increasingly important and urgent issue. Globalization, technological advancements, and climate change have created a highly dynamic business environment. Companies now operate in more complex and risk-laden settings, posing unprecedented challenges in managing their operations (Compact, 2017).

The need for more prudent resource management, ethical considerations, and social responsibility increasingly influences how companies operate. One key element of the business sustainability concept is long-term thinking, where companies consider current profits and the long-term impact of their actions on the environment and society (Bag, 2024; Syväri et al., 2025). This includes reducing carbon footprints, sustainable resource management, active involvement in social initiatives, and a commitment to comply with stringent regulations related to environmental issues (Eccles & Krzus, 2010). Implementing sustainable business practices can yield significant benefits for companies. Today, businesses prioritizing sustainability avoid negative impacts on the environment and society and reap tangible benefits in various operational and strategic aspects. One of the main benefits of business sustainability is enhancing corporate reputation. In the digital information era, reputation can be shaped quickly and is easily influenced by a company's social and environmental responsibility. Additionally, sustainable business practices can help companies

achieve higher operational efficiency. For example, more efficient use of natural resources and better waste management can reduce production costs and generate significant savings. Companies implementing sustainable practices report energy efficiency improvements of up to 20% or more (McKinsey & Company, 2016).

Other benefits include better access to increasingly sustainable markets, attracting and retaining top talent, and a positive impact on product and service innovation. Companies focusing on sustainability can also identify new business opportunities within the growing green economy. On the other hand, the negative impacts of unsustainable business practices are becoming increasingly evident. Economic activities that neglect environmental aspects often lead to environmental degradation, loss of biodiversity, and harmful climate change. Reports from the Intergovernmental Panel on Climate Change emphasize that unsustainable human actions are one of the primary drivers behind global climate change, threatening the planet's existence (IPCC, 2018). All of this creates an urgent need to transform how businesses operate. Companies that aim to remain relevant and thrive in the future must consider not only financial aspects but also their operations' social and environmental impacts. Business sustainability is no longer merely an option but a necessity to ensure long-term business continuity while contributing to society's and the environment's well-being (Siefkes, 2025).

Business sustainability is inseparable from its crucial role in addressing global challenges and supporting sustainable economic development (Yang & Hwang, 2024). Today, businesses are not just economic entities but also key players in influencing society and the environment. Organizations like the Global Reporting Initiative (GRI) have emphasized that business sustainability is key to tackling complex challenges such as climate change, poverty, and inequality. Companies prioritizing business sustainability tend to adopt more responsible practices toward the environment and society. In other words, sustainability is a social responsibility and a strategy that can enhance company performance and growth. Moreover, business sustainability contributes to creating long-term value. It is not only about achieving financial profits today but also about ensuring the longevity of business operations. Most investors and stakeholders are now more meticulous in evaluating companies' social and environmental impact.

The importance of business sustainability is not limited to economic aspects. It also encompasses companies' ethical and moral responsibilities toward society and our planet. In today's information era, unsustainable business practices can quickly damage reputations, while companies upholding sustainability values can build stronger relationships with consumers and society at large. Technological and innovation challenges in the context of business sustainability are issues that must be addressed, especially for SMEs in Malaysia. Rapid technological advancements and shifts in sustainable business practices can often constrain SMEs. However, technology and innovation are key drivers supporting sustainable business growth.

In the modern era, technology enables SMEs to reduce their environmental footprint, improve efficiency, and strengthen customer relationships (Schaltegger & Wagner, 2011). Innovation in products and business processes also allows SMEs to tackle sustainability challenges more effectively (Dangelico & Pujari, 2010). Research by Dyllick and Hockerts (2002) underscores the importance of focusing on sustainability beyond business benefits (Dyllick & Hockerts, 2002). For many SMEs, however, limited access to and understanding technology pose serious obstacles to

adopting sustainable business practices. Particularly for those with constrained resources, investments in technology and innovation can represent a significant financial burden. Additionally, a lack of understanding of integrating technology into business operations and managing the resulting data can slow the transition to sustainable business practices. SMEs in Malaysia operate in a dynamic and diverse business environment. One key factor in the success of SMEs is their ability to interact and collaborate with various partners and target audiences who play vital roles in the business ecosystem. The Malaysian government plays a central role in supporting SME growth and development by offering multiple programs, incentives, and policies to help SMEs access necessary resources. These include tax incentives, training programs, and access to international markets through trade agreements. The government also regulates, ensuring that businesses comply with existing laws.

The concept of business sustainability has become a focal point in the business world, encouraging companies to adopt economically, socially, and environmentally sustainable practices. Businesses that achieve this balance are expected to create lasting positive impacts for all stakeholders, including shareholders, the environment, and society.

## METHOD

The "Talk Series" implementation method is an effective approach to delivering information and fostering a better understanding of the concept of business sustainability. The target population for this activity comprises small and medium enterprises (SMEs) in Malaysia. The sample was determined using a purposive sampling technique, focusing on SMEs operating in sectors with high environmental or social impact, such as manufacturing, retail, and services. This selection ensures relevance, as these sectors face unique sustainability challenges and opportunities that can benefit directly from the Talk Series. A total of 30 SMEs were invited to participate, representing diverse industries to capture a broad range of perspectives. Data was collected through Pre- and Post-Surveys to assess participants' understanding of business sustainability before and after the Talk Series—session Recordings and Notes to document discussions and identify recurring themes or challenges SMEs face.

Therefore, this community service activity employs the "Talk Series" method. The stages of implementation are as follows:

1. **Lecture Method: Allowing Speakers to Present Business Sustainability Material**  
In this stage, experts and practitioners in business sustainability will conduct lecture sessions. These lectures will introduce the fundamentals of the business sustainability concept, including its benefits, challenges, and relevant best practices. Research by Dangelico and Pujari (2010) on the integration of green product innovation in the context of business sustainability will be integrated into these lectures.
2. **Question-and-Answer Method: Providing Opportunities for Participants to Discuss the Presented Material**  
Following the lecture sessions, time will be allocated for a question-and-answer session. Participants, including SME owners and other stakeholders, will have the opportunity to ask

questions, engage in discussions, and share their experiences related to business sustainability. This session will facilitate a deeper understanding and address specific issues SMEs may face.

The analysis was conducted using a qualitative study. Thematic analysis was applied to the Q&A session data to extract key insights about participants' concerns, challenges, and proposed solutions

## RESULT AND DISCUSSION

The community service program in the form of a "Talk Series" has yielded several significant outcomes:

1. Enhanced Understanding of the Concept of Business Sustainability: Program participants, including SME owners and other stakeholders, gained a better understanding of business sustainability. They recognized the importance of integrating economic, environmental, and social aspects into business operations. Additionally, the program motivated entrepreneurs and business owners to implement sustainable business practices, emphasizing long-term benefits and positive impacts on society and the environment.
2. Awareness of Positive Impacts: Participants also increased their knowledge of the positive impacts that can be achieved by companies implementing sustainable business practices, such as improved corporate reputation, higher operational efficiency, access to sustainable markets, and product and service innovation.
3. Understanding of Environmental and Social Challenges: The program provided insights into the environmental and social challenges businesses face today and how sustainable business practices can help address these challenges.



Figure 1. "Business Sustainability" Activity Poster

Awareness of the Role of Business in Global Sustainability Goals : Program participants increased their awareness of business role in supporting global sustainability goals, such as addressing climate change, poverty, and inequality.



The "Talk Series" community service program results demonstrate that this approach effectively enhances understanding and awareness of the concept of business sustainability. Program participants have gained better knowledge of the benefits of sustainable business practices and are motivated to implement them in their operations. They are also more aware of the positive impacts that companies focusing on sustainability can achieve. Additionally, the program provided deeper insights into the environmental and social challenges businesses face today. This is crucial as it helps participants recognize the urgency of adopting sustainable business practices to address these challenges. Another significant outcome of the program is the increased awareness of the role of businesses in achieving global sustainability goals. This reflects that program participants have started to understand that business is about generating financial profits and positively impacting society and the environment.



Figure 2. Talk Series Zoom Meeting

Overall, the "Talk Series" program aimed to increase understanding and awareness of business sustainability among SMEs and relevant stakeholders in Malaysia. This is hoped to encourage the broader adoption of sustainable business practices among SMEs, contributing to the country's economic and environmental sustainability.

## CONCLUSION

The "Talk Series" program successfully enhanced participants' understanding and awareness of sustainable business concepts, particularly among SMEs and stakeholders in Malaysia. By integrating economic, environmental, and social dimensions, the program motivated participants to adopt sustainable practices, highlighting the long-term benefits for businesses and their impact on society and the environment. Furthermore, the program effectively underscored the role of companies in addressing global sustainability goals, such as climate change, poverty reduction, and inequality, fostering a shift in perspective that positions businesses as key contributors to broader societal and environmental well-being.

## Limitations

Despite its success, the program faced several limitations:

1. Limited Reach: The program's scope was confined to a specific group of SMEs and stakeholders, which may not fully represent the diverse business landscape in Malaysia.
2. Short Duration: The program's limited timeframe may have constrained deeper exploration of practical implementation strategies and follow-up activities.
3. Resource Constraints: Some SMEs may lack the resources or technical capacity to immediately implement the sustainable practices discussed, limiting the knowledge shared's immediate applicability.
4. Evaluation Metrics: The program relied primarily on qualitative feedback to assess its impact, which may not fully capture measurable outcomes, such as changes in business operations or long-term environmental consequences.

Future programs could address these limitations by expanding participant outreach, incorporating longer-term engagements with hands-on workshops, providing ongoing support for SMEs and implementing robust evaluation frameworks to assess tangible outcomes.

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