

# **The Impact of Strategic Orientation and Corporate Sustainability Orientation on Sustainable Development Practices among SMEs in Malaysia**

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Sustainable development is a growing interest topic not only globally but in Malaysia at present. Ideally, sustainable development refers to the development of human activities that meet the needs of the present generations without compromising the ability for the future generations in meeting their own needs. Respectively, it is imperative in preserving environmental, social, and economic equity which was coined as sustainable development. Despite having been hit by the Covid-19 pandemic, sustainable actions or practices should not be overlooked but to view it as an opportunity for business to become a sustainable-oriented firm that is aligned with the goal of the country. Following this, there is a need for the firm to embark on the goal of the country in ensuring the integration of the triple bottom line (social, economic, and environmental dimensions) into their firm through the transformation of traditional to contemporary business strategies. Considering the utmost contribution to the economy, small and medium-sized enterprises (SMEs) as the backbone of the country contributing to gross domestic product (GDP), job, and growth opportunities. However, it is important to note that without firm actions in practicing sustainable development, sustainable development will be unachievable. Hence, SMEs must determine the most important factors that lead SMEs in practicing sustainable development, while these factors serve as a point of differentiation between their competitors. A sustainable-oriented SMEs need to have a guideline that serves as the foundation in performing and making the decision, named as a strategic orientation. SMEs with great orientations can easily achieve their firm's goal and that is directive towards practicing sustainability. Moreover, corporate sustainability orientation is another factor measuring the SMEs' perception of sustainability that led firms in practicing sustainable development. In this direction, SMEs that are holding a strong principle of sustainable development, the firms tend to practice sustainable development favorably. Against this backdrop, the success of the factors and whether SMEs practicing sustainable development depending on the size of the firm thus, firm size is the controlled variable in the study. In this line, this study is further supported by two theories, namely resource-based view theory and natural-based view theory in explaining the relationships. This makes it worthwhile

for this study in exploring how strategic orientation and corporate sustainability orientation influence SMEs in practicing sustainable development and examining how firm size moderates the relationship between strategic orientation, corporate sustainability orientation, and sustainable development practices in the context of SMEs. This study follows a composite-based approach in the structural equation modeling (SEM) technique explaining the relationship between constructs. Composite modeling is appropriate in this study through a representative of proxies for the latent variables. Therefore, this study is quantitative in a non-contrived study setting and explaining the relationships between variables with the use of supporting theories to explain the phenomena.

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