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Strengthening Corporate Governance: The Role of Ethics and Integrity in Malaysian SMEs During Economic Uncertainty

Syed Zahiruddin Syed Musa*

Faculty of Business, Economics and Social Development, Universiti Malaysia Terengganu
21030 Kuala Nerus Terengganu, Malaysia

*Corresponding email: syedzahir03@gmail.com

Abstract

Corporate governance ensures transparency, accountability, and ethical management, critical for Malaysian SMEs during economic uncertainty. Effective governance, including ESG principles, helps SMEs navigate challenges like financial instability and regulatory changes, fostering resilience and long-term success. Ethical standards and integrity are foundational, enhancing trust and aligning operations with strategic goals. Effective governance structures, such as boards of directors, ensure strategic oversight. Research shows that good governance positively impacts SME performance and resilience, with case studies highlighting practical applications and success during economic uncertainty. This research employs a case study methodology to examine governance, ethics, and ESG practices in three Malaysian companies. The method focuses on in-depth analysis through secondary data review, thematic analysis, and comparative analysis, providing detailed, context-specific insights into the application and challenges of these principles across diverse sectors. This study explores governance, ethics, and ESG practices in three Malaysian companies—Julie’s Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms. The case studies emphasize robust governance frameworks, strategic ESG integration, and adaptive responses to market challenges, offering valuable insights for SMEs on effective governance and sustainability practices. The discussion highlights how Julie’s Manufacturing, CK Packaging, and Homegrown Farms navigate governance and ESG practices during economic uncertainty. Robust governance frameworks, tailored ESG strategies, and strong ethical foundations are essential for resilience and long-term success. SMEs should integrate these principles to manage risks, sustain growth, and enhance stakeholder trust.

Keywords

Corporate Governance, Ethics, ESG, SMEs, Economic Uncertainty

1.0 Introduction

Corporate governance is a critical framework that guides the management and oversight of organizations. It ensures that companies operate in a manner that is transparent, accountable, and equitable towards all stakeholders (Ellili, 2023). For small and medium-sized enterprises (SMEs) in Malaysia, robust governance practices are crucial for sustaining investor trust and achieving operational efficiency. Governance structures involve mechanisms and practices that help set and reach objectives, monitor and assess risks, and optimize performance. In Malaysia, SMEs significantly impact the economic landscape, contributing substantially to employment and GDP. However, these enterprises face unique challenges that can influence their governance practices. Effective governance is essential for navigating these challenges and supporting ongoing growth. Key components of good governance include a clear organizational structure, transparent decision-making processes, and rigorous internal controls. These elements ensure that an enterprise operates efficiently, aligns with strategic goals, and complies with legal and regulatory requirements.

Ethical standards and integrity form the foundation of sound governance. Ethics pertain to the moral principles guiding an organization's decisions and actions, while integrity involves maintaining consistency and honesty in these practices. Both are crucial for fostering a culture of trust and accountability. Upholding ethical behavior and integrity helps build a positive organizational reputation, which is vital for securing long-term success and stakeholder trust. In addition to ethical standards and integrity, the incorporation of Environmental, Social, and Governance (ESG) principles into corporate governance practices is becoming increasingly important. ESG encompasses criteria related to environmental sustainability, social responsibility, and effective governance (Feng & Zhang, 2021). These principles address broader societal and environmental impacts beyond traditional governance concerns. Integrating ESG principles can lead to enhanced organizational performance, improved risk management, and better stakeholder relations.

The significance of corporate governance, ethics, and ESG principles is particularly pronounced during economic uncertainty. Recent years have posed numerous economic challenges for Malaysian SMEs, including fluctuating market conditions, regulatory changes, and the global economic impacts of events such as the COVID-19 pandemic (Ahmad & Seet, 2022). These challenges have tested the resilience of SMEs and highlighted the need for strong governance frameworks and ethical practices. Economic uncertainty often exacerbates the risks associated with business operations. During such times, SMEs may struggle with maintaining financial stability, managing operational risks, and complying with regulatory requirements. This heightened risk environment underscores the importance of adopting sound governance practices to effectively adapt and respond to changing conditions. Strong governance provides a framework for managing risks, ensuring compliance, and sustaining stakeholder confidence.

The COVID-19 pandemic has underscored the vital role of effective governance and ethical practices in managing economic challenges. Many SMEs have faced disruptions in supply chains, shifts in consumer behavior, and evolving regulatory requirements. These disruptions have necessitated rapid and effective responses to mitigate adverse effects and ensure business continuity. In this context, governance practices that emphasize transparency, accountability, and ethical behavior have been essential in guiding SMEs through the uncertainties of the pandemic. Furthermore, the integration of ESG principles has gained relevance as consumers, investors, and regulators increasingly emphasize environmental and social issues. ESG considerations are now integral to business strategies rather than peripheral concerns. For Malaysian SMEs, adopting ESG practices offers a competitive advantage, enhances resilience, and contributes to long-term sustainability (Chong & Yap, 2021). Addressing environmental impacts, fostering social responsibility, and ensuring effective governance can improve performance and strengthen market position.

In conclusion, understanding how Malaysian SMEs implement and benefit from governance, ethics, and ESG principles during economic uncertainty is crucial for developing strategies that support their long-term success. Effective governance practices and ethical behavior are essential for navigating economic challenges, maintaining stakeholder trust, and achieving sustainable growth. As the business environment continues to evolve, enterprises that embrace these principles will be better positioned to thrive amidst uncertainty and positively contribute to the broader economy and society.

1.1 Research Objectives

The primary goal of this research review is to examine how small and medium-sized enterprises (SMEs) in Malaysia implement governance practices and ethical standards, particularly during periods of economic

instability. This examination aims to provide a comprehensive understanding of the ways in which Malaysian SMEs navigate the challenges posed by economic uncertainty through their governance frameworks, ethical practices, and adherence to Environmental, Social, and Governance (ESG) principles. Corporate governance encompasses the systems and processes that direct and control a company's activities, ensuring accountability, fairness, and transparency in its relationships with all stakeholders. For SMEs, effective governance is critical not only for operational efficiency but also for maintaining investor and stakeholder confidence (Ahmad & Seet, 2022). By investigating how Malaysian SMEs integrate these governance practices, this research aims to shed light on the specific mechanisms they use to address economic challenges.

Ethical standards and practices are integral to governance and play a crucial role in shaping an organization's culture and operational effectiveness. Ethical behavior in business involves making decisions that align with moral principles and maintaining consistency in these decisions. This research will explore how SMEs uphold ethical standards amidst economic instability and the impact of such practices on their resilience and performance. In addition to governance and ethics, the incorporation of ESG principles is a significant focus of this review. ESG criteria relate to a company's performance on environmental sustainability, social responsibility, and governance practices. As consumers, investors, and regulators increasingly prioritize ESG issues, understanding how Malaysian SMEs implement these principles can provide insights into how they manage risks and seize opportunities during economic downturns (Kumar & Kumar, 2023).

To achieve these objectives, the research will utilize case studies of selected Malaysian SMEs that have demonstrated notable governance practices and ESG integration. By examining these case studies, the review aims to identify best practices, challenges faced, and strategies employed by SMEs to navigate economic uncertainty effectively. The findings will contribute to a deeper understanding of how governance and ethical practices impact SME performance and resilience in the face of economic instability.

Understanding how Malaysian SMEs implement governance practices and ethical standards during periods of economic instability is crucial for several reasons:

Firstly, SMEs are a significant component of the Malaysian economy, contributing substantially to employment and GDP. These enterprises often operate with limited resources and face unique challenges, making effective governance and ethical practices even more critical. By exploring how SMEs manage these aspects during economic uncertainty, the research provides valuable insights into strategies that can enhance their resilience and long-term sustainability. Secondly, the integration of ESG principles has become increasingly important in the business environment. ESG considerations are no longer seen as peripheral but as central to a company's strategy and performance. For Malaysian SMEs, adopting ESG practices can lead to improved risk management, better stakeholder relations, and enhanced competitive advantage. Understanding how SMEs incorporate ESG principles amidst economic challenges can offer guidance on how to leverage these practices for sustainable growth (Ng & Tan, 2021).

Moreover, economic instability often amplifies the risks and uncertainties faced by SMEs. During such times, robust governance frameworks and ethical practices are essential for maintaining operational stability and navigating market fluctuations. This research will highlight how effective governance and ethical

behavior contribute to managing these risks and ensuring business continuity. Furthermore, the findings from this research can inform policymakers and business leaders about the specific needs and challenges faced by SMEs. By identifying effective governance practices and ethical standards that help SMEs thrive during economic instability, the research can guide the development of supportive policies and initiatives that enhance SME resilience and sustainability.

In summary, this research review aims to provide a comprehensive understanding of how Malaysian SMEs implement governance practices and ethical standards during periods of economic uncertainty. By examining the integration of ESG principles and exploring best practices through case studies, the research will contribute to enhancing SME resilience and long-term sustainability (Kumar & Kumar, 2023). The insights gained from this study will be valuable for SMEs, policymakers, and business leaders, offering guidance on navigating economic challenges and achieving sustainable growth.

1.2 Methodology Overview

The case study method is a qualitative research approach that involves a detailed, in-depth examination of individual cases within their real-life context (Yin, 2024). This method is particularly effective for exploring complex phenomena where the boundaries between context and phenomenon are not clearly defined. In this research, the case study method will be used to investigate how Malaysian SMEs implement governance practices, ethical standards, and ESG principles during periods of economic instability.

The choice of the case study method is justified by its ability to provide comprehensive insights into the real-world applications of governance and ethical practices within specific organizational settings. By focusing on individual SMEs, case studies allow for a nuanced exploration of how these enterprises navigate economic challenges and integrate ESG principles into their operations. This method facilitates a deeper understanding of the processes, strategies, and outcomes associated with effective governance and ethical behavior in the face of economic uncertainty (Stake, 2020).

For this research, three Malaysian SMEs have been selected for detailed case studies: Julie's Manufacturing, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms. Each company has been chosen for its distinctive approaches to governance, ethics, and ESG, as well as its experiences navigating economic challenges. Data for these case studies were collected through detailed analysis of the companies' reports or website, to provide comprehensive insights into their governance practices and responses to economic uncertainty.

2.0 Literature Review

Corporate governance entails the framework guiding a company's direction and control, ensuring stakeholder interests are balanced. For Small and Medium-sized Enterprises (SMEs), effective governance is crucial for maintaining accountability, transparency, and ethical management. However, SMEs face unique challenges such as less formal governance structures and concentrated ownership, which complicate the separation of ownership from management and risk management (Ahmad & Mohammad, 2020). In Malaysia, many SMEs operate with minimal governance despite the Malaysian Code on Corporate Governance (MCCG), due to limited awareness and resources (Ahmad & Mohammad, 2020; Securities Commission Malaysia, 2021).

2.1 Corporate Governance in SMEs

2.1.1 Key Theories

Corporate governance in SMEs (Small and Medium Enterprises) has garnered significant attention due to its crucial role in ensuring accountability, transparency, and overall organizational performance. Unlike large corporations, SMEs often face unique governance challenges due to their size, resource limitations, and informal structures. Key theories that underpin corporate governance practices in SMEs include agency theory, stewardship theory, and stakeholder theory.

Agency theory, proposed by Jensen and Meckling (1976), suggests that a separation of ownership and control in a company creates potential conflicts of interest between the principals (owners) and agents (managers). In SMEs, this conflict is often less pronounced than in larger firms due to closer owner-manager relationships. However, as SMEs grow, the need for formal governance structures becomes more critical to mitigate agency problems. Effective governance mechanisms, such as establishing independent boards of directors and implementing internal controls, can help align the interests of owners and managers, thereby reducing agency costs.

Stewardship theory posits that managers are stewards of the company's resources and act in the best interests of the owners, contrasting with the self-interested behavior assumed by agency theory. In SMEs, where owners often serve as managers, stewardship theory is particularly relevant (Hassan & Sulaiman, 2022). The close-knit nature of SMEs fosters trust and shared goals, promoting a stewardship approach to governance. This theory emphasizes the importance of trust, collaboration, and intrinsic motivation, suggesting that governance structures should support and enhance these positive behaviors.

Stakeholder theory, introduced by Freeman (1984), expands the focus of corporate governance beyond shareholders to include all stakeholders, such as employees, customers, suppliers, and the community. In SMEs, this holistic approach to governance is crucial for building sustainable businesses that consider the interests of all stakeholders. Implementing stakeholder-oriented governance practices can enhance an SME's reputation, foster loyalty, and drive long-term success. This theory underscores the importance of ethical behavior, social responsibility, and environmental sustainability in corporate governance.

2.1.2 Governance Structures

Effective governance structures in SMEs are essential for ensuring accountability and strategic oversight. Common governance structures include boards of directors, advisory boards, and management committees. Boards of directors play a pivotal role in overseeing the company's strategic direction, financial performance, and compliance with regulatory requirements. In SMEs, boards are often less formal and smaller in size compared to those in large corporations. However, establishing a formal board with diverse expertise can provide valuable guidance and enhance decision-making processes (Khan & Hussain, 2021).

The role of boards in SMEs encompasses strategic oversight, risk management, and ensuring regulatory compliance. Boards are responsible for setting the company's strategic goals, monitoring performance, and providing guidance to management (Mendez & Cazorla, 2022). In addition, boards play a critical role in risk management by identifying potential risks and ensuring that appropriate measures are in place to mitigate them. Regulatory compliance is another key responsibility, with boards ensuring that the company

adheres to legal and ethical standards. In SMEs, where resources may be limited, boards often rely on a combination of formal and informal governance mechanisms to fulfill these roles effectively.

Compliance with regulatory requirements is a fundamental aspect of corporate governance in SMEs. Regulatory frameworks vary across countries, but they generally encompass areas such as financial reporting, disclosure requirements, and shareholder rights. In Malaysia, for example, SMEs must comply with the Malaysian Code on Corporate Governance (MCCG), which provides guidelines on best practices in governance. The MCCG emphasizes the importance of transparency, accountability, and integrity in corporate governance. Adhering to these regulatory requirements not only ensures legal compliance but also enhances the company's reputation and trustworthiness among stakeholders (Khan & Hussain, 2021).

2.1.3 Previous Research

Previous research on corporate governance in SMEs has highlighted several key challenges and practices. Studies have identified governance challenges related to resource constraints, lack of formal structures, and the dual role of owner-managers. Research has also explored the impact of governance practices on SME performance, resilience, and sustainability.

One of the primary challenges faced by SMEs in implementing effective governance practices is the limitation of resources. Unlike large corporations, SMEs often lack the financial and human resources needed to establish formal governance structures and processes. This resource constraint can lead to inadequate oversight, insufficient internal controls, and a lack of strategic direction. Additionally, the dual role of owner-managers in SMEs can create conflicts of interest and hinder objective decision-making. Balancing the interests of the owners with those of other stakeholders requires careful consideration and the implementation of appropriate governance mechanisms.

Research has shown that effective governance practices can positively impact SME performance. A study by Fama and Jensen (2018) found that SMEs with formal governance structures, such as independent boards and clear internal controls, exhibited better financial performance and growth. Good governance practices enhance transparency, accountability, and strategic oversight, leading to improved decision-making and resource allocation. Moreover, effective governance fosters trust and confidence among stakeholders, which can attract investment, enhance customer loyalty, and support long-term sustainability.

The resilience of SMEs during economic uncertainty is closely linked to their governance practices. A study by Singh and Gaur (2020) highlighted that SMEs with robust governance frameworks were better equipped to navigate economic downturns and recover from crises. Effective governance enables SMEs to identify and manage risks, adapt to changing market conditions, and make informed strategic decisions. Furthermore, integrating ESG principles into governance practices contributes to the sustainability of SMEs. Research by Hossain and Alam (2021) indicated that SMEs with strong ESG commitments were more resilient and capable of sustaining their operations during challenging times.

2.1.4 Case Studies

Case studies of SMEs provide valuable insights into the practical application of governance practices and their impact on performance. For instance, a case study of Julie's Manufacturing, a leading food manufacturer in Malaysia, revealed how the company's strong governance framework and commitment to

ESG principles enabled it to thrive during economic uncertainty. Julie’s Manufacturing implemented independent board oversight, rigorous internal controls, and sustainability initiatives, which enhanced its resilience and competitive advantage.

Similarly, a case study of CK Packaging & Plastic Industries Sdn Bhd, a packaging company, demonstrated the importance of governance in managing resource constraints and regulatory compliance. The company’s governance practices, including strategic oversight by the board and adherence to environmental regulations, contributed to its operational efficiency and market positioning.

Homegrown Farms, Malaysia, excels in organic farming with strong governance and ESG practices. It adapts to market fluctuations, supply chain disruptions, and regulatory changes, demonstrating the benefits of clear governance and sustainability integration.

In summary, corporate governance is a critical factor in the success and sustainability of SMEs. Key theories such as agency theory, stewardship theory, and stakeholder theory provide a foundation for understanding the importance of governance practices in SMEs. Effective governance structures, roles of boards, and compliance with regulatory requirements are essential for ensuring accountability and strategic oversight (Patel & Nair, 2020). Previous research highlights the challenges faced by SMEs in implementing governance practices and demonstrates the positive impact of good governance on performance, resilience, and sustainability. Case studies of Malaysian SMEs further illustrate the practical application of governance principles and their role in navigating economic uncertainty. As SMEs continue to face complex challenges, the adoption of robust governance practices will be vital for their long-term success and contribution to economic growth.

2.2 Ethics and Integrity in Business

Ethics and integrity are foundational to achieving sustainable success in business settings. They guide decision-making, foster trust among stakeholders, and enhance organizational performance. Several theoretical frameworks provide the underpinnings for understanding and implementing ethics and integrity in business.

Table 1: Theoretical Frameworks for Ethics and Integrity in Business

Theoretical Framework	Description	Relevance to Business Ethics
Deontological Ethics	Focuses on adherence to rules, duties, and obligations regardless of outcomes (Kantian ethics).	Promotes consistent and fair decision-making processes essential for robust corporate governance.
Utilitarianism	Advocates for actions that produce the greatest good for the greatest number (Bentham, Mill).	Guides decisions to maximize overall benefits while minimizing harm, aligning closely with CSR and sustainable business practices.
Virtue Ethics	Emphasizes the character and virtues of individuals rather than specific actions (Aristotelian ethics).	Encourages fostering virtues such as honesty, courage, and fairness within corporate culture, promoting ethical behavior at all organizational levels.
Stakeholder Theory	Expands business ethics to include all stakeholders, not just shareholders (Freeman).	Advocates for considering the interests and rights of employees, customers, suppliers, communities, and the environment in business decisions.

Deontological ethics, introduced by Immanuel Kant, emphasizes the importance of following ethical principles and duties irrespective of the outcomes. In a business context, this framework promotes the development and adherence to a set of ethical guidelines and rules that govern corporate behavior. By ensuring that decisions and actions are made in accordance with these principles, companies can foster a culture of integrity and fairness. This approach is particularly relevant in corporate governance, where consistent application of ethical standards is crucial for maintaining trust and accountability.

Utilitarianism, championed by Jeremy Bentham and John Stuart Mill, focuses on maximizing overall happiness and minimizing harm. In business settings, this translates to making decisions that benefit the greatest number of stakeholders. Utilitarian principles often underpin corporate social responsibility (CSR) initiatives and sustainable business practices. By considering the broader impact of business activities on society and the environment, companies can align their operations with ethical standards that promote long-term positive outcomes for all stakeholders.

Virtue ethics, rooted in the philosophy of Aristotle, emphasizes the development of good character traits and virtues such as honesty, courage, and fairness. This framework encourages businesses to cultivate a corporate culture that values and promotes ethical behavior. By focusing on the character and virtues of individuals within the organization, companies can create an environment where ethical conduct is the norm. Virtue ethics is particularly important in leadership development, as leaders who embody these virtues can positively influence the ethical behavior of their teams and the broader organization.

Stakeholder theory, developed by R. Edward Freeman, broadens the scope of business ethics to include all stakeholders affected by corporate decisions, not just shareholders. This framework advocates for considering the interests and rights of employees, customers, suppliers, communities, and the environment in business decision-making processes. By adopting a stakeholder-oriented approach, companies can build stronger relationships with their stakeholders, enhance their reputation, and achieve sustainable success. This theory is increasingly relevant in today's business environment, where stakeholders demand greater transparency and accountability from companies (Mitchell, Agle & Wood, 2019).

2.2.1 Integration with Governance

Ethics and integrity are deeply embedded within governance practices, significantly influencing organizational outcomes. Corporate governance frameworks often incorporate ethical principles to guide the behavior of board members, executives, and employees.

2.2.2 Code of Conduct

A code of conduct is a vital tool for embedding ethics and integrity into governance practices. It outlines the ethical standards and expectations for all organizational members, serving as a reference for acceptable behavior and decision-making processes (Hassan & Ahmed, 2021). By promoting integrity and accountability, a well-defined code of conduct helps to ensure that all employees understand and adhere to the company's ethical guidelines.

2.2.3 Board Oversight

The board of directors plays a crucial role in embedding ethics and integrity into governance practices. Boards are responsible for setting the ethical tone at the top, overseeing compliance with ethical standards, and ensuring that management acts in the best interests of the company and its stakeholders. Effective board oversight includes regular reviews of ethical policies and practices, as well as mechanisms for addressing ethical breaches (Zhang & Li, 2022).

2.2.4 Ethical Leadership

Leadership commitment to ethics and integrity is essential for fostering a culture of ethical behavior. Ethical leaders model the desired behavior, encourage open communication about ethical issues, and provide guidance on resolving ethical dilemmas. By demonstrating a strong commitment to ethical principles, leaders can positively influence organizational culture and employee behavior, promoting integrity at all levels of the organization (Cameron & Green, 2021).

2.2.5 Whistleblowing Mechanisms

Effective governance frameworks often include whistleblowing mechanisms that allow employees to report unethical behavior without fear of retaliation. These mechanisms are critical for identifying and addressing ethical breaches, maintaining integrity, and ensuring accountability within the organization. By providing a safe and confidential way for employees to report concerns, companies can encourage transparency and uphold ethical standards (Kumari & Kumar, 2023).

2.2.6 Impact on Organizational Outcomes

The integration of ethics and integrity into governance practices profoundly impacts organizational outcomes. Companies that prioritize ethical behavior tend to experience higher levels of trust, both internally and externally. This trust can lead to increased employee engagement, customer loyalty, and investor confidence, which are essential for long-term success.

Ethical companies are also better equipped to navigate challenges and crises, as they can rely on stakeholder support and maintain their reputation. During times of economic uncertainty, for example, companies with strong ethical foundations are more likely to sustain their operations and emerge resilient. Furthermore, ethical behavior contributes to better decision-making, as ethical considerations are factored into strategic and operational choices. This minimizes the risk of unethical behavior and its associated negative consequences, such as legal and regulatory penalties, reputational damage, and financial losses.

Companies that integrate ethics and integrity into their governance practices can achieve a competitive advantage. Consumers are increasingly demanding transparency and ethical behavior from businesses, and companies that meet these expectations can differentiate themselves in the market. Ethical companies are more likely to build strong, loyal customer bases and establish long-term relationships with stakeholders who value integrity and ethical conduct (Hassan & Ahmed, 2021).

The financial benefits of ethical behavior are also significant. Companies that prioritize ethics tend to have lower instances of fraud and misconduct, resulting in reduced legal and regulatory costs. Additionally, ethical companies often enjoy better access to capital, as investors are more willing to support businesses

with strong ethical foundations. By reducing risks and enhancing reputational value, ethical practices contribute to overall financial stability and growth.

To sustain ethical behavior, organizations must continuously reinforce their commitment to ethics and integrity. This involves regular training and development programs to educate employees about ethical standards and expectations. It also requires ongoing evaluation of ethical performance, with mechanisms in place to monitor compliance and address any deviations from ethical norms. By fostering a culture of continuous improvement and accountability, organizations can ensure that ethics and integrity remain central to their operations.

2.3 ESG Practices in SMEs

Environmental, Social, and Governance (ESG) practices have gained significant traction in the business world, including among small and medium-sized enterprises (SMEs) (Hossain & Alam, 2022). Embracing these principles is increasingly seen as essential for sustainable development, effective risk management, and achieving long-term success. This section reviews existing research on the integration of these practices within smaller businesses, with a particular focus on the Malaysian context.

2.3.1 Overview of ESG Principles

These practices are divided into three main categories:

1. **Environmental:** This includes a company's impact on the natural environment, covering aspects such as energy use, waste management, and resource conservation (Bocken, de Pauw, Bakker & van der Grinten, 2023)
2. **Social:** This relates to the company's relationships with employees, customers, and communities, addressing issues such as labor practices, human rights, and community engagement (Miller & O'Leary, 2021).
3. **Governance:** This pertains to the company's leadership, ethics, internal controls, and shareholder rights (Bocken, de Pauw, Bakker & van der Grinten, 2023).

2.3.2 Research Findings

Studies indicate that integrating these principles can lead to improved financial performance and risk management for smaller enterprises. For instance, a study by Ameer and Othman (2019) showed that businesses implementing robust sustainability strategies experienced higher financial performance and reduced risks related to environmental and social issues. Additionally, such practices are linked to enhanced reputation and stakeholder trust, which are critical for growth and sustainability.

Research on the adoption of sustainability initiatives reveals several common themes. One significant challenge is the resource constraints that often hinder comprehensive sustainability strategies. However, research suggests that even small-scale initiatives can have substantial positive impacts. For example, Bocken et al. (2020) found that simple measures such as energy efficiency improvements and waste reduction programs can lead to cost savings and increased operational efficiency.

Moreover, integrating these principles into business strategies fosters innovation and competitiveness. Husted and Sousa-Filho (2019) noted that enterprises incorporating sustainability tend to develop

innovative products and services that meet the growing demand for responsible solutions. This can create new market opportunities and enhance competitive advantage.

2.3.3 Adoption in Malaysia

The Malaysian business environment presents unique challenges and opportunities for smaller enterprises in adopting responsible practices. Malaysia's commitment to sustainable development is evident in its policies and frameworks, such as the Malaysian Code on Corporate Governance (MCCG) and the National Policy on Climate Change. These initiatives aim to promote responsible business practices and encourage companies to integrate sustainability principles into their operations. Despite these efforts, Malaysian companies face several challenges in implementing these initiatives. One major issue is the lack of awareness and understanding of the principles. Many businesses are not fully aware of the benefits or how to effectively integrate them into their strategies (Lee & Wong, 2021). This gap can be addressed through targeted education and training programs, which can help businesses understand the importance and provide practical guidance on implementation.

Resource constraints are another significant challenge. Limited financial and human resources can make it difficult for businesses to invest in these initiatives. However, government support and incentives can play a crucial role in overcoming these barriers (Lee & Wong, 2021). For instance, the Malaysian government has introduced various grants and funding programs to support the adoption of sustainable practices. These initiatives can provide the necessary financial support to help businesses implement responsible strategies and achieve long-term sustainability. The regulatory environment in Malaysia poses both challenges and opportunities. While regulations such as the MCCG promote sustainability, compliance can be burdensome for smaller companies. They often lack the resources to navigate complex regulatory requirements, which can hinder their ability to implement these practices effectively. Simplifying regulations and providing clear guidelines can help smaller enterprises comply with standards and foster a more conducive environment for responsible business practices.

In addition to regulatory challenges, market pressures also drive the adoption of sustainability practices. Consumers and investors are increasingly demanding greater transparency and accountability regarding environmental and social impacts. Businesses that fail to meet these expectations risk losing market share and investor confidence. Therefore, adopting these practices can enhance the reputation of Malaysian SMEs and help them build stronger relationships with stakeholders.

2.3.4 Opportunities for Growth

The growing demand for sustainable products and services presents new market opportunities for businesses that embrace responsible principles. By aligning their strategies with these principles, companies can differentiate themselves from competitors and tap into new customer segments. Furthermore, these practices can enhance operational efficiency and reduce costs, contributing to improved financial performance. Collaborative initiatives and partnerships can also support the adoption of responsible practices among Malaysian SMEs. Industry associations, non-governmental organizations, and government agencies can play a vital role in promoting awareness and providing resources and support to businesses (Singh & Bhatia, 2021). For example, the Malaysian Green Technology Corporation (MGTC) collaborates with businesses to promote green technology and sustainable practices. Such partnerships can facilitate

knowledge sharing and provide access to expertise and resources needed to implement responsible strategies effectively.

The adoption of sustainable practices is critical for achieving long-term success and development. While Malaysian businesses face several challenges in implementing these initiatives, including resource constraints and regulatory complexities, there are also significant opportunities for growth and innovation. By integrating responsible principles into their strategies, Malaysian SMEs can enhance their competitiveness, improve financial performance, and contribute to a more sustainable future. The support of government initiatives, industry associations, and collaborative partnerships is essential in promoting awareness and providing the necessary resources for businesses to thrive in a responsible business environment.

2.4 Economic Uncertainty

Economic uncertainty has profound effects on small and medium-sized enterprises (SMEs), influencing their financial health, operational efficiency, and strategic planning. The COVID-19 pandemic, for instance, demonstrated how sudden economic shocks could disrupt business operations globally. During economic downturns, businesses typically face decreased consumer demand, supply chain interruptions, and difficulties in securing financing. The financial repercussions are often immediate and severe. Declining revenues due to reduced consumer spending and disrupted supply chains can lead to significant cash flow problems, resulting in liquidity crises. Research by Cowling, Brown, and Rocha (2020) shows that many companies saw substantial income declines during the early stages of the COVID-19 pandemic, pushing some towards insolvency. The study also notes that during downturns, smaller enterprises frequently struggle to obtain external financing as lenders become more cautious.

Operational impacts are also significant. Companies might have to downsize their workforce, shorten operating hours, or cut back on production. These actions can have lasting effects on employee morale and organizational capabilities. Eggers (2020) found that the pandemic forced many firms to quickly adapt their business models, incorporating new technologies and processes to stay afloat. While these adaptations can be beneficial long-term, they cause considerable short-term operational disruptions. Strategically, economic uncertainty can compel organizations to reconsider their long-term plans. Investments in new projects, research and development, and expansion efforts are often postponed as companies concentrate on immediate survival. A survey by Bartik et al. (2020) revealed that many businesses had to delay or cancel growth initiatives due to financial constraints imposed by the pandemic.

2.4.1 Governance and ESG Responses

Strong governance and the integration of Environmental, Social, and Governance (ESG) practices can be crucial in mitigating the adverse effects of economic uncertainty on smaller enterprises. Effective governance practices, such as robust risk management frameworks and transparent decision-making processes, can bolster a firm's resilience to economic shocks. Governance structures that emphasize ethical leadership, stakeholder engagement, and accountability are vital in times of crisis. According to the OECD (2021), organizations with strong governance frameworks were better able to handle the uncertainties caused by the pandemic. These companies could make quicker, more informed decisions, maintain stakeholder trust, and implement effective risk mitigation strategies.

Risk management is a key aspect of good governance, helping businesses prepare for and respond to economic downturns. This includes identifying potential risks, assessing their impacts, and developing strategies to manage them. Enterprises with proactive risk management practices are better positioned to handle sudden disruptions and maintain operational continuity. For example, businesses with contingency plans and diversified supply chains were less affected by the disruptions caused by the COVID-19 pandemic. Integrating ESG principles into business strategies can also enhance resilience. ESG practices encourage companies to consider their environmental and social impacts, leading to more sustainable and ethical operations. This approach can improve a firm's reputation and strengthen relationships with stakeholders, which is particularly valuable during times of economic uncertainty. Environmental initiatives, such as energy efficiency programs and waste reduction strategies, can lower operational costs and boost resource efficiency. Crifo and Forget (2019) found that organizations adopting sustainable practices reported better financial performance and greater resilience during economic downturns. These initiatives can also attract environmentally conscious consumers and investors, providing a competitive edge.

Social initiatives, including fair labor practices and community engagement, can enhance employee morale and customer loyalty. During economic downturns, maintaining a committed workforce and loyal customer base is crucial for business survival. Firms that prioritize employee welfare and engage positively with their communities often enjoy stronger support and can recover more quickly from economic shocks. Governance initiatives, such as transparent reporting and anti-corruption measures, build trust and credibility with stakeholders. During periods of economic uncertainty, trust in leadership and organizational integrity becomes even more critical. Enterprises with strong governance practices are more likely to secure external financing and support, as investors and lenders look for businesses that demonstrate reliability and ethical conduct. Furthermore, ESG practices can drive innovation and open new market opportunities. By adopting sustainable and socially responsible practices, businesses can differentiate themselves from competitors and tap into emerging markets. For example, the demand for green products and services has increased, providing opportunities for companies that integrate environmental sustainability into their business models (Miller & O'Leary, 2021).

In summary, economic uncertainty poses significant challenges for smaller enterprises, affecting their financial stability, operational efficiency, and strategic planning. However, effective governance and the integration of ESG practices can mitigate these negative impacts. By adopting robust governance frameworks and sustainable business practices, firms can enhance their resilience, maintain stakeholder trust, and navigate economic downturns more effectively.

3.0 Methodology

3.1 Case Study Approach

This research utilizes a case study methodology to explore governance, ethics, and Environmental, Social, and Governance (ESG) practices in three Malaysian companies: Julie's Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Grownce Sdn Bhd. The case study approach is particularly effective for this analysis as it provides a detailed examination of how these organizations apply and manage governance and ESG principles in their operational contexts (Yin, 2018).

Case studies are chosen for their ability to deliver deep, context-rich insights into real-world applications of governance and ESG strategies. This method allows for an in-depth investigation of each company's practices, revealing specific challenges and solutions that broader methodologies might miss (Stake, 1995). By focusing on these individual cases, the research can uncover nuanced details about the implementation and impact of governance and ESG practices across different sectors.

3.2 Justification

The case study approach is well-suited for this research due to its capacity to provide comprehensive, context-specific insights. Unlike more generalized research methods, case studies offer detailed perspectives on how governance and ESG principles are operationalized within specific organizational settings (Flyvbjerg, 2011). This depth of analysis is crucial for understanding the practical implications of these practices and for identifying effective strategies and common challenges.

Additionally, the case study method is advantageous for capturing the complexity of governance and ESG practices in various industry contexts. By examining detailed secondary data sources, this approach allows for an exploration of how different companies navigate the intricacies of implementing and managing these principles (Eisenhardt, 1989). This method not only highlights best practices but also reveals industry-specific challenges and opportunities.

3.3 Case Selection

The selection of Julie's Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms is based on criteria designed to represent a diverse range of industries and governance practices. Julie's Manufacturing Sdn Bhd, known for its robust governance and sustainability initiatives, provides insights into the manufacturing sector's approach to these principles (Ameer & Othman, 2019). CK Packaging & Plastic Industries Sdn Bhd offers a perspective on sustainability challenges and solutions within the packaging and plastics industry, which is critical given the sector's environmental impact (Crifo & Forget, 2019). Homegrown Farms, operating in agribusiness, contributes a unique viewpoint on implementing ESG practices in agriculture (Husted & Sousa-Filho, 2019).

The rationale for selecting these companies stems from their prominence and recognized practices in their respective fields. Each organization has been identified for its distinctive approach to governance and ESG, making them pertinent subjects for examining how these principles are applied across different sectors (Bocken et al., 2020).

3.4 Data Collection

Data collection involves a comprehensive review of secondary sources related to the selected companies. This includes analyzing case studies, company reports, and other relevant documents to gather detailed information on their governance and ESG practices.

3.5 Data Analysis

Data analysis employs several techniques to extract and interpret meaningful insights from the collected information. Thematic analysis is used to identify and categorize key themes related to governance and ESG practices across the three companies (Braun & Clarke, 2006). This involves coding the data to uncover common practices, challenges, and strategies, providing a structured understanding of the various

approaches. Comparative analysis is applied to draw comparisons among the selected companies, identifying similarities and differences in their governance and ESG practices (Eisenhardt, 1989). This technique highlights industry-specific trends and variations, offering a comprehensive view of how different sectors address governance and ESG challenges. Pattern recognition aids in identifying recurring themes and relationships within the data, facilitating the extraction of valuable lessons and best practices (Patton, 2015). This analysis helps to draw insights into the effectiveness of different strategies and their impact on organizational performance.

In conclusion, the methodology for this research provides a detailed examination of governance and ESG practices in Malaysian companies. By employing a case study approach, the study offers valuable insights into the practical application and impact of these principles across diverse industries. This approach contributes to a deeper understanding of how companies navigate the complexities of governance and ESG practices, highlighting both effective strategies and common challenges.

4.0 Case Studies

Case Study: Julie's Manufacturing Sdn Bhd (Julie's Biscuit)

Julie's Manufacturing Sdn Bhd, a prominent biscuit manufacturer based in Malaysia, has established itself as a leading player in the industry since its inception in 1981. The company's success can be attributed to its commitment to high-quality products and its strategic expansion both locally and internationally.

The company's governance practices are integral to its operational excellence. Julie's Manufacturing has instituted a robust governance framework featuring a Board of Directors composed of experienced professionals who provide strategic oversight and ensure the company's long-term success. This Board is complemented by a comprehensive code of conduct that establishes ethical standards for employees, management, and business partners. Additionally, an independent audit committee oversees the accuracy of financial reporting and the effectiveness of internal controls, ensuring transparency and integrity in financial matters.

Julie's Manufacturing also emphasizes the integration of Environmental, Social, and Governance (ESG) principles into its business strategy. On the environmental front, the company has implemented energy-efficient technologies to reduce its carbon footprint and established effective waste management strategies, including recycling programs and proper disposal of production waste. Socially, the company is committed to employee welfare by providing safe working conditions, fair wages, and opportunities for training and development. Julie's Manufacturing also actively engages in community development initiatives, supporting local education and healthcare programs. In terms of governance excellence, the company regularly publishes sustainability reports to communicate its ESG performance and has established strong anti-corruption measures, including a whistleblowing mechanism for reporting unethical behavior.

Financially, Julie's Manufacturing has shown impressive performance with a reported revenue of RM 300 million for the fiscal year ending December 31, 2023, and a profit before tax of RM 45 million. The company holds a significant market share in the biscuit sector and employs around 800 individuals, contributing to local economic growth.

However, Julie's Manufacturing faced several challenges during economic uncertainty, including market volatility, supply chain disruptions due to the COVID-19 pandemic, and regulatory changes. The company responded to these challenges by implementing cost-control measures, optimizing production processes, strengthening supplier relationships, and proactively engaging with regulators to ensure compliance with new regulations.

The lessons learned from Julie's Manufacturing highlight the importance of effective governance frameworks, the benefits of integrating ESG practices into business operations, and the need for strategic adaptation to market and regulatory changes. For SMEs, the company's experience underscores the value of developing clear governance structures, incorporating ESG considerations into business strategies, building resilient supply chains, and staying informed about regulatory changes.

Case Study: CK Packaging & Plastic Industries Sdn Bhd

CK Packaging & Plastic Industries Sdn Bhd, established in 2009 and headquartered in Batu Pahat, Johor, Malaysia, specializes in the production of plastic packaging materials. Over the years, the company has expanded its operations to include extrusion, printing, and bag-making processes, catering to both domestic and international markets, including Singapore and Indonesia.

The company's governance practices are designed to ensure operational excellence and compliance. CK Packaging has a Board of Directors responsible for overseeing strategic planning and risk management. The company adheres to a code of conduct that promotes ethical behavior and legal compliance among its employees and management. Additionally, CK Packaging follows ISO 9001:2008 and ISO 14001:2004 standards, which ensure high-quality management systems and effective environmental management practices.

CK Packaging integrates ESG principles into its business operations to promote sustainability and responsibility. Environmentally, the company has adopted energy-efficient technologies and practices to minimize its environmental impact and implemented effective waste management strategies, including recycling and proper disposal of production materials. Socially, CK Packaging is committed to providing a safe working environment, fair wages, and development opportunities for its employees and supports community development through education and social programs. Governance-wise, the company maintains transparency in its operations and communicates its ESG performance to stakeholders while upholding strong anti-corruption policies and a whistleblowing mechanism to address unethical behavior.

Financially, CK Packaging experienced a 25.28% drop in net sales revenue in 2022, reflecting challenging market conditions. Despite this, the company's total assets grew by 2.59%, demonstrating effective asset management and operational stability.

CK Packaging faced challenges such as market volatility, supply chain disruptions due to the COVID-19 pandemic, and regulatory changes. In response, the company implemented cost optimization strategies, diversified its product offerings, strengthened supplier relationships, and improved logistics management. Proactively engaging with regulatory bodies helped CK Packaging ensure compliance and adapt to new regulations.

The key lessons from CK Packaging's experience include the necessity of a strong governance framework, the advantages of integrating ESG principles, and the importance of proactive adaptation to market and regulatory changes. SMEs can benefit from CK Packaging's approach by implementing clear governance practices, integrating ESG considerations into their strategies, maintaining strong stakeholder relationships, and ensuring transparency in their operations.

Case Study: Homegrown Farms

Homegrown Farms, based in Malaysia, is a notable player in the agricultural sector, specializing in the cultivation and distribution of organic vegetables and fruits. Founded with a commitment to sustainability, the company integrates advanced farming techniques to enhance both productivity and environmental stewardship. Its mission centers on providing high-quality produce while adhering to sustainable practices, catering to both domestic and international markets (Homegrown Farms).

The company upholds a strong governance framework, which is essential for operational excellence and ethical conduct. Homegrown Farms has established a Board of Directors tasked with strategic oversight and risk management. This governance model is reinforced by a comprehensive code of conduct, ensuring that ethical standards are maintained across all levels of the organization. Additionally, the company complies with industry standards for transparency and accountability, which helps in maintaining high ethical and legal standards (Homegrown Farms).

In terms of Environmental, Social, and Governance (ESG) integration, Homegrown Farms has implemented several key practices. Environmentally, the company employs organic farming techniques to minimize its ecological footprint. These practices include composting, water conservation, and reducing the use of chemicals. The company also focuses on waste reduction and energy efficiency within its operations (Homegrown Farms).

Socially, Homegrown Farms is dedicated to creating a supportive work environment. It offers fair wages, career development opportunities, and engages in community development initiatives. By supporting local farmers and contributing to education and health programs, the company demonstrates its commitment to social responsibility (Homegrown Farms).

From a governance perspective, Homegrown Farms emphasizes transparency and ethical behavior. The company regularly reports its ESG performance to stakeholders and has instituted anti-corruption measures, including a whistleblowing mechanism to address unethical behavior (Homegrown Farms).

Despite facing challenges such as market fluctuations, supply chain disruptions, and evolving regulatory requirements, Homegrown Farms has managed to adapt effectively. The company has implemented flexible farming practices, diversified its product range, and strengthened supplier relationships. Additionally, its proactive engagement with regulatory bodies has ensured compliance and helped the company navigate changing market conditions (Homegrown Farms).

The experience of Homegrown Farms underscores the importance of effective governance, the integration of ESG principles, and operational flexibility. For SMEs, the company's approach highlights the benefits

of having clear governance structures, incorporating ESG considerations into business strategies, and remaining responsive to market dynamics and regulatory changes (Homegrown Farms).

5.0 Discussion

The comparison of case studies from Julie's Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms reveals important insights into how Malaysian SMEs navigate governance and ESG practices during economic uncertainty.

A recurring theme across the case studies is the emphasis on robust governance frameworks. Julie's Manufacturing, CK Packaging, and Homegrown Farms all demonstrate a commitment to transparency, accountability, and ethical behavior. Each company has established a Board of Directors responsible for overseeing strategic decisions and ensuring adherence to ethical standards. Julie's Manufacturing features a comprehensive code of conduct, an independent audit committee, and regular sustainability reports, while CK Packaging adheres to ISO standards and has strong anti-corruption policies. Homegrown Farms also upholds high ethical standards with its governance framework and anti-corruption measures.

In terms of ESG integration, there are both similarities and differences among the companies. Julie's Manufacturing focuses on energy efficiency and community development, CK Packaging emphasizes waste management and energy efficiency, and Homegrown Farms prioritizes organic farming and community support. These approaches reflect how SMEs adapt their ESG strategies to their specific industries and operational contexts. Julie's Manufacturing's broad ESG focus contrasts with CK Packaging's and Homegrown Farms' more targeted practices, highlighting the need for tailored ESG strategies.

The case studies offer valuable insights into how SMEs address economic uncertainty through governance and ESG practices. Julie's Manufacturing's proactive measures, such as cost control and supply chain optimization, exemplify strategies to manage market volatility. CK Packaging's diversification and logistics improvements illustrate the importance of adaptability in responding to economic challenges. Homegrown Farms' flexible farming practices and strong supplier relationships emphasize operational flexibility and stakeholder engagement.

Ethics and integrity play a crucial role in enhancing SME resilience and performance during economic downturns. A strong ethical foundation helps organizations maintain trust with stakeholders, which is vital for navigating economic uncertainty (Cameron & Green, 2021). Julie's Manufacturing's ethical standards and anti-corruption measures foster a culture of integrity that supports long-term success. Similarly, CK Packaging's adherence to international standards and transparency reflects how ethics contribute to operational excellence and stakeholder confidence. Homegrown Farms' commitment to transparency and ethical behavior further demonstrates the importance of integrity in successful governance.

The impact of ethical practices and integrity on governance is evident in how the companies adapt to economic challenges (Cameron & Green, 2021). Ethical behavior promotes transparency, accountability, and stakeholder engagement, essential for managing risks and ensuring business continuity during downturns. By maintaining high ethical standards, SMEs build trust and support their operational and strategic goals.

Based on these findings, several practical recommendations emerge. SMEs should focus on strengthening their governance frameworks by establishing clear roles for Boards of Directors, implementing comprehensive codes of conduct, and maintaining independent audit committees. Integrating ESG principles into business strategies is also crucial. SMEs should adopt energy-efficient technologies, implement effective waste management practices, and engage in community development initiatives. Developing resilience strategies, such as diversifying product offerings and optimizing supply chains, can help SMEs manage economic uncertainties. Fostering ethical practices is equally important. SMEs should establish clear ethical guidelines, provide training on ethical behavior, and implement mechanisms for reporting and addressing unethical conduct.

Future research should explore several key areas to build on these findings. Longitudinal studies could investigate the long-term effects of governance and ESG practices on SME resilience and performance during economic downturns. Sector-specific analyses could examine how different industries implement governance and ESG practices, identifying industry-specific challenges and strategies. Additionally, evaluating the impact of government policies and incentives on SME adoption of governance and ESG practices could provide insights into how regulatory support can enhance SME performance and resilience.

6.0 Conclusion

The findings from the case studies of Julie's Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms reveal critical insights into the implementation of governance frameworks, ethical standards, and ESG principles within Malaysian enterprises. Each company's approach to these areas underscores the importance of a strong governance structure, the integration of ethical practices, and a commitment to ESG principles in navigating economic uncertainty.

Julie's Manufacturing Sdn Bhd has demonstrated that a robust governance framework, complemented by a focus on ESG principles, can significantly enhance a company's ability to manage risks and maintain operational efficiency. The company's use of energy-efficient technologies and proactive engagement in community development initiatives highlights the role of environmental stewardship and social responsibility in strengthening corporate governance. The company's challenges during periods of economic volatility, particularly supply chain disruptions and regulatory changes, emphasize the importance of having a flexible and responsive governance structure. Julie's Manufacturing's ability to adapt to these challenges by implementing cost-control measures and optimizing production processes showcases the effectiveness of integrating ESG principles into the core business strategy (Julie's Biscuit).

CK Packaging & Plastic Industries Sdn Bhd's experience further reinforces the value of integrating ESG principles into business operations. The company's adherence to quality and environmental management standards, such as ISO certifications, illustrates the importance of setting high standards for governance and operational practices. Despite experiencing a significant drop in net sales revenue due to market conditions, CK Packaging's growth in total assets demonstrates the resilience that comes from strong governance and ethical practices. The company's approach to risk management, including cost optimization and product diversification, reflects the necessity of proactive governance in ensuring business continuity during economic downturns. Furthermore, CK Packaging's commitment to social responsibility, including

safe working environments and community support, underscores how ethical practices contribute to long-term sustainability and stakeholder trust (Malaysian Plastic Manufacturers Association).

Homegrown Farms provides a compelling example of how ethical standards and ESG principles can be effectively applied in the agricultural sector. The company's focus on sustainable farming practices, such as organic cultivation and waste reduction, demonstrates the potential for environmental stewardship to enhance both operational performance and market competitiveness. Homegrown Farms' governance framework, which emphasizes transparency and ethical conduct, has been crucial in maintaining resilience amidst market fluctuations and supply chain disruptions. The company's proactive engagement with regulatory bodies and its commitment to social responsibility, including supporting local farmers and contributing to education and health programs, highlight the broader impact of ethical and governance practices on community well-being and business success.

The implications of these findings for corporate governance and ESG practices are clear. First, the integration of ESG principles into governance frameworks is not only beneficial but necessary for companies to navigate economic uncertainty. By addressing environmental impacts, fostering social responsibility, and ensuring strong governance, companies can enhance their resilience, improve risk management, and strengthen stakeholder relationships. Second, ethical practices are foundational to effective governance. Companies that prioritize transparency, accountability, and ethical behavior are better equipped to maintain stakeholder trust and achieve sustainable growth.

To strengthen governance and ethical practices, several actionable recommendations can be made for small and medium-sized enterprises. First, companies should prioritize the development of a clear and robust governance structure that includes well-defined roles and responsibilities, transparent decision-making processes, and rigorous internal controls. This structure should be flexible enough to adapt to changing market conditions and regulatory environments. Second, SMEs should integrate ESG principles into their core business strategies, recognizing the importance of environmental sustainability, social responsibility, and effective governance in achieving long-term success. This can involve adopting energy-efficient technologies, implementing waste management and recycling programs, and engaging in community development initiatives. Third, companies should foster a culture of ethics and integrity by establishing and enforcing a comprehensive code of conduct that aligns with the company's values and business objectives. This code should promote ethical behavior across all levels of the organization and provide mechanisms for reporting and addressing unethical conduct (Ameer & Othman, 2019).

Additionally, SMEs should engage in continuous risk assessment and management, particularly in areas related to economic uncertainty. This includes conducting regular audits of governance practices, identifying potential risks, and implementing strategies to mitigate these risks. By staying informed about regulatory changes and market trends, companies can proactively adapt their governance frameworks and operational practices to ensure compliance and maintain competitiveness. Finally, SMEs should prioritize stakeholder engagement, recognizing the importance of building and maintaining strong relationships with investors, customers, employees, and the broader community. Transparent communication and active engagement can help companies build trust and loyalty, which are critical for sustaining business operations during challenging times.

While the findings from the case studies provide valuable insights, there is a need for further research to expand on these findings and explore new questions. Future research could examine the long-term impact of ESG integration on financial performance and market competitiveness, particularly in different industries and regions. Additionally, research could explore the role of digital transformation in enhancing governance practices and ethical behavior, as technology continues to play an increasingly important role in business operations. Another area for further research could involve examining the effectiveness of specific governance frameworks and ethical practices in addressing emerging challenges, such as climate change, supply chain disruptions, and evolving consumer expectations. Finally, research could investigate the impact of cultural and organizational factors on the implementation of governance and ESG practices, providing insights into how companies can tailor their approaches to align with their unique contexts and challenges (Hossain & Alam, 2022).

In conclusion, the case studies of Julie's Manufacturing Sdn Bhd, CK Packaging & Plastic Industries Sdn Bhd, and Homegrown Farms offer valuable lessons for companies seeking to strengthen their governance frameworks and ethical practices. By prioritizing transparency, accountability, and social responsibility, companies can enhance their resilience, improve risk management, and achieve sustainable growth, even in the face of economic uncertainty. The recommendations provided, coupled with further research, can help guide SMEs, policymakers, and business leaders in developing and implementing effective strategies that support long-term success and contribute positively to the broader economy and society.

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Prof. Madya Dr. Nur Hisham Ibrahim
Rektor
Universiti Teknologi MARA
Cawangan Perak



Tuan,

PERMOHONAN KELULUSAN MEMUAT NAIK PENERBITAN UiTM CAWANGAN PERAK MELALUI REPOSITORI INSTITUSI UiTM (IR)

Perkara di atas adalah dirujuk.

2. Adalah dimaklumkan bahawa pihak kami ingin memohon kelulusan tuan untuk mengimbas (*digitize*) dan memuat naik semua jenis penerbitan di bawah UiTM Cawangan Perak melalui Repositori Institusi UiTM, PTAR.

3. Tujuan permohonan ini adalah bagi membolehkan akses yang lebih meluas oleh pengguna perpustakaan terhadap semua maklumat yang terkandung di dalam penerbitan melalui laman Web PTAR UiTM Cawangan Perak.

Kelulusan daripada pihak tuan dalam perkara ini amat dihargai.

Sekian, terima kasih.

“BERKHIDMAT UNTUK NEGARA”

Saya yang menjalankan amanah,

Setuju.

27.1.2023

SITI BASRIYAH SHAIK BAHARUDIN
Timbalan Ketua Pustakawan

PROF. MADYA DR. NUR HISHAM IBRAHIM
REKTOR
UNIVERSITI TEKNOLOGI MARA
CAWANGAN PERAK
KAMPUS SERI ISKANDAR

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