

UNIVERSITI TEKNOLOGI MARA

**SUSTAINABILITY MODEL FROM
ETHICAL PERSPECTIVE: A CASE
STUDY OF SOCIAL ENTERPRISE
IN MALAYSIA**

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ABSTRACT

This study explores the intersection of ethics and sustainability within social enterprises, challenging the predominant market-driven sustainability models by emphasizing the role of moral and ethical values. The main purpose is to address the gap in understanding how ethical practices contribute to the sustainability of social enterprises and to investigate sustainability from the perspective of social enterprises themselves. A comprehensive literature review reveals that most sustainability factors are financially related, resulting in a fragmented sustainability framework for social entrepreneurship. This study aims to explore other significant factors that can substantially contribute to the sustainability of social enterprises, enabling them to continue delivering social and economic impacts. Despite a solid ethical foundation, social entrepreneurship ethics theory is still nascent, with limited focus on linking ethics to sustainability. This study addresses this gap by emphasizing the ethical perspective. The lack of comprehensive research has led to fragmented literature on sustainability in social entrepreneurship, lacking empirical evidence. This research is crucial due to the absence of empirical data on the actions needed for social entrepreneurs to achieve social sustainability in a dynamic environment. To address these gaps, a qualitative multiple case study approach was employed, involving 11 registered social enterprises in Malaysia. Data were gathered through semi-structured in-depth interviews, document reviews, site photos, and observations, and analyzed using thematic analysis. The analysis was conducted both on a case-by-case basis and across cases to identify common themes and unique insights. The findings reveal that ethical practices such as altruism, servant leadership, strategic thinking, and social innovation are pivotal in fostering sustainability. Ethical considerations significantly influence human resources, financial management, and social innovation within social enterprises towards sustainability. The study proposes a sustainability model that integrates ethical practices, demonstrating their importance in achieving a balance between social and financial missions. This model incorporates key elements such as human resources, social innovation, and financial management, examined through an ethical lens. Additionally, it includes newly emergent themes related to ethical practices for sustainability and sustainability perspectives, constituting a novel contribution to the research. This research enriches academic discourse by providing empirical evidence on the ethical dimensions of sustainability in social enterprises. It offers practical insights for practitioners and policymakers, suggesting that the adoption of ethical frameworks can enhance the effectiveness and impact of social enterprise. The implementation of this model is expected to improve societal well-being through sustainable and ethically guided social entrepreneurship.

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CHAPTER 1

INTRODUCTION

1.1 Preamble

This chapter delivers an overview of the study concerning the sustainability of social enterprises in Malaysia context. It examines the challenges faced by social enterprises in achieving sustainability, with particular emphasis on the financial factors that predominantly influence this phenomenon. Additionally, it addresses ethical practices, which are recognized as influential factors affecting the sustainability of social enterprises. This study seeks to further examine ethical perspectives and practices in order to address an existing gap, where the discourse has hitherto been dominated by a limited set of factors that have subsequently become challenges for social enterprises. The elaborations of these are presented by the key elements of the chapter.

1.2 Background of Study

Social enterprises are entities that engage in entrepreneurial practices with financial objectives while placing a greater emphasis on addressing social needs through their establishments (Adro & Fernandes, 2022; Raimi et al., 2022; Sauermann, 2023). Their defining characteristic lies in the integration of dual missions, which are economic performance and social impact. This duality distinguishes social enterprises from commercial businesses, which primarily focus on economic objectives, and from non-profit organisations, which concentrate exclusively on social goals (Cagarman et al., 2020; Guerrero et al., 2021; Saebi et al., 2019).

Social enterprises, like other types of enterprises, are motivated by the desire to achieve long-term sustainability despite resource constraints, a drive that profoundly influences their competitive strategies and organisational focus (Weerawardena & Mort, 2012). The importance of sustainability in social enterprises arises from their dual missions of social and economic objectives, with particular concern regarding the potential shift towards prioritising economic goals over intended societal benefits (García-Jurado et al., 2021; Kulshrestha et al., 2022). The ability of social entrepreneurs to balance these dual missions is recognised as a critical factor for sustainability