Borneo Journal of Social Science & Humanities
DOI: https://doi.org/10.35370/bjssh.2024.6.2-05
e-ISSN: 2682-8235

Submitted: 13 December 2023 Accepted: 30 December 2024 Published: 31 December 2024

The Impact of Corporate Social Responsibilities on Firm Performance: Evidence From Family Owned Firm In Malaysia

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Abstract

Corporate social responsibility (CSR) remains a prominent area of emphasis for companies worldwide. This study aims to analyze the key concerns for corporate social responsibility and examine the relationship between environmental sustainability; social justice, and diversity; philanthropy, ethical business practices, employee well-being and reporting and transparency toward the firm performance of family-owned businesses in Malaysia. The problem statement highlights the family businesses often have to manage the delicate balance of preserving family legacy and traditions while embracing innovation and change necessary such as applying corporate social responsibility for business growth. The study has two objectives, (i) to identify the most significant factors influencing corporate social responsibility and (ii) to examine the relationship between independent variables (environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being and reporting and transparency), and dependent variable (firm performance). A quantitative research is used with an explanatory research design. Additionally, this study use non-probability sampling technique (purposive sampling). Self-administered questionnaire were chosen because it is low economic maintenance and ability to reach a broad sample. The study was conducted in Malaysia. The findings indicated that environmental sustainability, social justice and diversity, employee well-being, and reporting and transparency positively impact firm performance. However, philanthropy and ethical business practices showed no significant relationship with firm performance. In summary, the literature study highlights that corporate social responsibility (CSR) initiatives have been found to enhance firms' relationships with their stakeholders.

Keywords: Corporate Social Responsibility, Firm Performance, Family Owned Business

Introduction

Corporate Social Responsibility (CSR) has become a central component of modern business strategy, encompassing initiatives that address environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency (Aguinis & Glavas, 2019; McKinsey & Company, 2020). These six elements serve as proxies for CSR, reflecting key areas where businesses can significantly contribute to societal well-being while enhancing their operational performance. The selection of these elements stems from their alignment with societal expectations and their impact on sustainable business growth. For example, environmental sustainability compels firms to adopt eco-friendly practices to mitigate climate risks, while social justice and diversity promote inclusive environments that drive innovation and employee engagement (Dimitropoulos & Koronios, 2021; De Oliveira Menezes & Fernandes, 2024).

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Family-owned businesses in Malaysia offer a unique context for examining the impact of CSR, given their unique governance structures, long-term orientation, and often close relationships with stakeholders (Hamid Aziz & Hosni, 2021). However, the integration of CSR practices within family-owned firms remains underexplored, particularly concerning the influence of the six selected CSR factors on their overall performance. Despite the acknowledged importance of CSR, a notable a gap in the literature persists regarding its specific effect on family-owned firms, which this study aims to address.

Problem Statement

The growing importance of CSR has led many businesses to adopt initiatives across various domains, yet the relationship between CSR and firm performance in family-owned businesses remains underexplored. The six CSR factors, namely environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency are key components of CSR activities. However, their impact on the performance of family-owned businesses, particularly in Malaysia, has not been thoroughly studied. Family-owned businesses often differ from publicly traded companies in terms of governance, priorities, and stakeholder relationships, which may lead to different CSR practices and outcomes. This study aims to fill this gap by examining how these six CSR factors affect the performance of family-owned businesses in Malaysia context.

Research Objectives

The primary objectives of this study are:

i. To identify the significant CSR factors within family-owned businesses.

ii. To examine the relationship between the six selected CSR factors (environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency) and the performance of family-owned businesses.

Research Questions

In order to achieve these objectives, the following research questions are posed:

i. What are the most significant CSR factors in family-owned businesses?

ii. How do the six selected CSR factors, environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency affect the performance of family-owned businesses in Malaysia?

Significance of the Study

The current global crisis has raised the concerns about the ethical values of firm employees in practicing corporate social responsibility (CSR). On the other hand, firm employees play a crucial role in promoting consciousness for social, economic, and environmental dimensions through the implementation of corporate social responsibility. Thus, it is important for scholars and practitioners to gain a deeper understanding of these current phenomena.

Additionally, this study aims to provide new insights into the relationship between family-owned firm and corporate social responsibility. The priority finding in this study is to determine the impact of six (6) factors, namely environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency on the family owned business performance. The finding of this study will contribute valuable evidences to support future research, demonstrating the influence of these six (6) factors on firm performance in family-owned businesses in a real-life settings.

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Scope of the Study

It is believed that this study would contribute both social and organization efforts in enhancing the implementation of corporate social responsibility in real-life practice. Employee play a significant role in executing corporate social responsibility initiatives within organization. Therefore, the scope of this study is to help organizations understand the influence of the six (6) CSR factors on the performance of family-owned businesses.

The term "second mutual agreement" in the context of family-owned businesses refers to the consensus required among family stakeholders to implement CSR initiatives. Unlike publicly traded companies, where decision-making may be centralized within management, family-owned businesses often require broader family approval, which can significantly affect the adoption and execution of CSR activities. Understanding this concept is essential, as family dynamics play a critical role in shaping the CSR strategies and practices within these businesses.

In conclusion, this research fills a critical gap in the literature by examining the specific impact of CSR on family-owned businesses in Malaysia. The findings will provide valuable insights for both academic scholars and business practitioners, contributing to a better understanding of how family-owned firms can leverage CSR to improve performance while fulfilling their social and environmental responsibilities.

Literature Review

Corporate Social Responsibility (CSR) in Family-Owned Businesses

Family-owned businesses are central to economic development, particularly in emerging markets such as Malaysia. These firms often emphasize long-term sustainability and intergenerational legacy, which influences their approach to CSR. Unlike publicly traded firms, where profits are often prioritized, family-owned businesses may see CSR as integral to their reputational management and societal contributions (Hamid Aziz & Hosni, 2021). Despite this, the impact of CSR on firm performance within family-owned firms has not been fully explored in the literature, particularly regarding the six CSR factors highlighted in this study.

CSR in family-owned businesses has been linked to improved firm reputation, customer loyalty, and operational performance (Awaysheh et al., 2020). However, a gap exists in the empirical exploration of how CSR directly impacts these firms' financial and non-financial outcomes. By examining six key CSR dimensions, this study aims to offer a comprehensive analysis of how CSR activities shape the performance of family-owned firms in Malaysia.

The Six CSR Factors

The six CSR factors selected for this study, environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency are essential critical areas of CSR engagement. The literature identified these factors as key contributors to both social responsibility and business success. Environmental sustainability has become increasingly important in enhancing brand reputation and operational efficiency (Dimitropoulos & Koronios, 2021). It helps firms reduce costs and increase profitability through energy-saving and resource-efficient processes. Social justice and diversity positively impact innovation and employee engagement (De Oliveira Menezes & Fernandes, 2024). In fact, companies promote social justice and inclusivity are more likely to build cohesive teams that can drive performance improvements. Philanthropy strengthens relationships with stakeholders, reflects a company's commitment to societal well-being and enhances its competitive edge by fostering customer loyalty and trust (Kraeger & Phillips, 2022). Ethical business practices create a foundation of trust between a business and its

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stakeholders. Ethical behavior mitigates risk, reduces conflict, and builds long-term sustainability (Bartel, 2022). Ethical practices are particularly crucial in family-owned firms, where integrity is often a core value. Employee well-being initiatives improve job satisfaction and productivity, resulting in a more engaged and committed workforce. This is strongly correlated with increased organizational performance (Krekel et al., 2019). Lastly, reporting and transparency are vital for maintaining trust with stakeholders. Open communication fosters accountability and enhances a company's reputation (Shaw et al., 2021).

Theory of Performance

The Theory of Performance suggests that organizations can improve their outcomes by effectively utilizing resources to meet both internal goals and external expectations. This theory is directly applicable to the relationship between CSR and firm performance in family-owned businesses. By strategically implementing CSR initiatives, family-owned firms can align their operational goals with societal expectations, leading to improve financial performance and stronger stakeholder relationships (Teece, 2014). In the context of this study, the Theory of Performance helps explain how the integration of the six CSR factors can drive to better performance outcomes for family-owned businesses. By investing these CSR components, environmental sustainability, promoting ethical practices, and focusing on employee well-being, family-owned firms can leverage CSR as a means of achieving superior performance and maintaining long-term viability.

Hypothesis Development

Environmental sustainability has been shown to improve operational efficiency and reduce costs, thus leading to better firm performance. Prior studies suggest that companies that adopt sustainable practices are more likely to gain a competitive advantage (Zhang et al., 2022). Research indicates that promoting diversity and inclusivity leads to more innovative teams and better decision-making processes, both of which contribute to improved performance outcomes (De Oliveira Menezes & Fernandes, 2024). Corporate philanthropy can enhance a company's reputation and strengthen its relationships with the community, leading to increased customer loyalty and higher financial returns (Kraeger & Phillips, 2022). Businesses that adhere to ethical standards build trust with their stakeholders, which can result in higher customer retention, lower risk, and enhanced profitability (Bartel, 2022). Employee well-being initiatives, such as health programs and flexible work arrangements, are strongly linked to higher productivity and job satisfaction, which contribute to improved firm performance (Krekel et al., 2019). Transparent reporting fosters trust among stakeholders and enhances a firm's credibility. Companies that are transparent about their CSR activities are likely to experience better financial and reputational outcomes (Shaw et al., 2021). Based on the literature reviewed, the following hypotheses are developed:

H1: Environmental sustainability positively impacts firm performance in family-owned businesses.
H2: Social justice and diversity positively impact firm performance in family-owned businesses.
H3: Philanthropy positively impacts firm performance in family-owned businesses.
H4: Ethical business practices positively impact firm performance in family-owned businesses.
H5: Employee well-being positively impacts firm performance in family-owned businesses.
H6: Reporting and transparency positively impact firm performance in family-owned businesses.

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Motivations Drive Firms to Engage in CSR Activities

Firms engage in Corporate Social Responsibility (CSR) activities for a variety of motivations, reflecting a complex interplay of ethical, strategic, and societal considerations. Some key motivations include (Grimstad, Geo, & Fjortoft, 2020). One key motivation is enhanced Corporate Reputation, as firms recognize that engaging in CSR activities can enhance their public image and reputation, increase brand trust, loyalty, and favourable perceptions among customers, investors, and stakeholders. CSR also serves as competitive advantage. Companies that demonstrate a commitment to social and environmental responsibility may differentiate themselves from competitors, attract socially conscious consumers, and strengthens their market position. Besides, firms often respond to stakeholder expectations, including customers, employees, investors, and the broader community. This is therefore to help build trust and maintain positive relationships. CSR activities also help manage risks associated with negative environmental or social impacts, preventing reputational damage, legal challenges, and other risks that may arise from non-compliance or unethical business practices. Employee engagement and retention are further supported by CSR as many individuals today seek meaningful and socially responsible work environments. Firms that demonstrate a commitment to CSR can attract and retain talent, fostering a positive organizational culture. Furthermore, firms with strong CSR activities may fiend easier to access capital and attract socially responsible investment, aligning with ethical and sustainable investment criteria. CSR also contributes to long-term sustainability, by ensuring the stability of resources, supply chains, and overall business operations in the face of global challenges. Compliance with CSR initiatives often aligns with legal requirements and industry standards, helping firms avoid legal issues and demonstrate a commitment to regulatory standards. As consumer preferences shift toward supporting socially responsible businesses. Firms can capitalize on growing consumer interest in sustainable and ethical products and services. Lastly, the ethical values of leadership play a vital role, as leaders who prioritize social and environmental responsibility often guide their firms toward adopting and implementing CSR initiatives. In summary, firms engage in CSR activities for a range of motivations that go beyond mere philanthropy. A strategic and well-executed CSR approach can align with business goals, enhance reputation, and contribute to long-term success while addressing societal and environmental challenges.

Research Gap

Despite the extensive research on CSR, there remains a significant gap in understanding how CSR impacts family-owned businesses specifically. While studies have explored CSR in publicly traded firms, the unique characteristics of family-owned businesses, such as their long-term orientation and close-knit governance-suggest that CSR may play a different role in these organizations. Furthermore, the six CSR factors selected for this study have not been extensively analyzed together in the context of family-owned firms in Malaysia. This research aims to address this gap by examining the impact of these CSR factors on both financial and non-financial performance outcomes in family-owned businesses.

Theoretical Framework

This study's theoretical framework is grounded in Stakeholder Theory, which posits that organizational performance improves when a company effectively addresses the interests and expectations of all its stakeholders. According to Stakeholder Theory, firms must consider the needs and concerns of various groups, including employees, customers, suppliers, and the community—to achieve sustainable success. In the context of family-owned businesses, the six CSR factors, namely environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency are viewed as

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key mechanisms for managing stakeholder relationships. By integrating these CSR practices into their operations, family-owned firms can align their activities with the expectations of their stakeholders. This alignment is anticipated to result in enhanced financial performance, a stronger reputation, and improved relationships with stakeholders, thereby driving overall firm success (Kahn & Boulding, 2023).

Stakeholder theory posits that organizations should recognize and address the diverse interests and impacts of individuals or groups affected by their operations. Initially proposed by Freeman, this theory has evolved to encompass various perspectives, highlighting the reciprocal relationships between organizations and their stakeholders. Corporate Social Responsibility (CSR) complements stakeholder theory by advocating for businesses to integrate ethical, social, and environmental considerations into their core operations. CSR initiatives range from sustainability practices and ethical sourcing to community engagement and philanthropy, aiming to enhance stakeholder welfare beyond financial performance metrics (Kalra, 2023).

Research indicates a nuanced relationship between CSR activities and firm performance across industries. While empirical studies show positive correlations between CSR practices and financial outcomes, the extent and nature of these impacts vary. CSR initiatives can enhance reputation, attract talent, mitigate risks, and foster long-term stakeholder relationships, thereby contributing to sustained competitive advantage and resilience (Awa, Etim, & Ogbonda, 2024).

Real-World Examples

Real-world examples of effective SCR practices can be seen in company like Patagonia and Microsoft. Patagonia exemplifies stakeholder theory through its robust CSR initiatives, including environmental sustainability and fair labor practices. By prioritizing stakeholder interests, Patagonia has cultivated a loyal customer base and enhanced brand reputation. Similarly, Microsoft integrates stakeholder feedback into product development and sustainability strategies, driving innovation and market leadership. This stakeholder-centric approach enables Microsoft to anticipate market trends and societal expectations, enhancing organizational agility and resilience in a competitive landscape.

Stakeholder theory provides a robust framework for businesses to navigate contemporary challenges by aligning profit objectives with broader societal responsibilities. Through the integrating CSR practices and prioritizing stakeholder relationships, firms can foster sustainable growth, enhance competitiveness, and make meaningful contributions to societal welfare. This discussion highlights underscored the role of stakeholder theory in shaping modern business practices, supported by scholarly literature and real-world examples. In summary, stakeholder theory advocates for a holistic approach to business management that transcends mere financial metrics, embracing ethical considerations, long-term sustainability, and stakeholder engagement. By adopting stakeholder theory and implementing CSR initiatives, organizations can build trust, mitigate risks, spur innovation, and create shared value for all stakeholders.

Conceptual Framework

In recent years, the relationship between corporate responsibility, ethical practices, and firm performance has garnered significant attention in both academic and practical realms. This conceptual framework delineates six distinct pathways through which various dimensions of corporate responsibility and ethical behavior influence firm performance.

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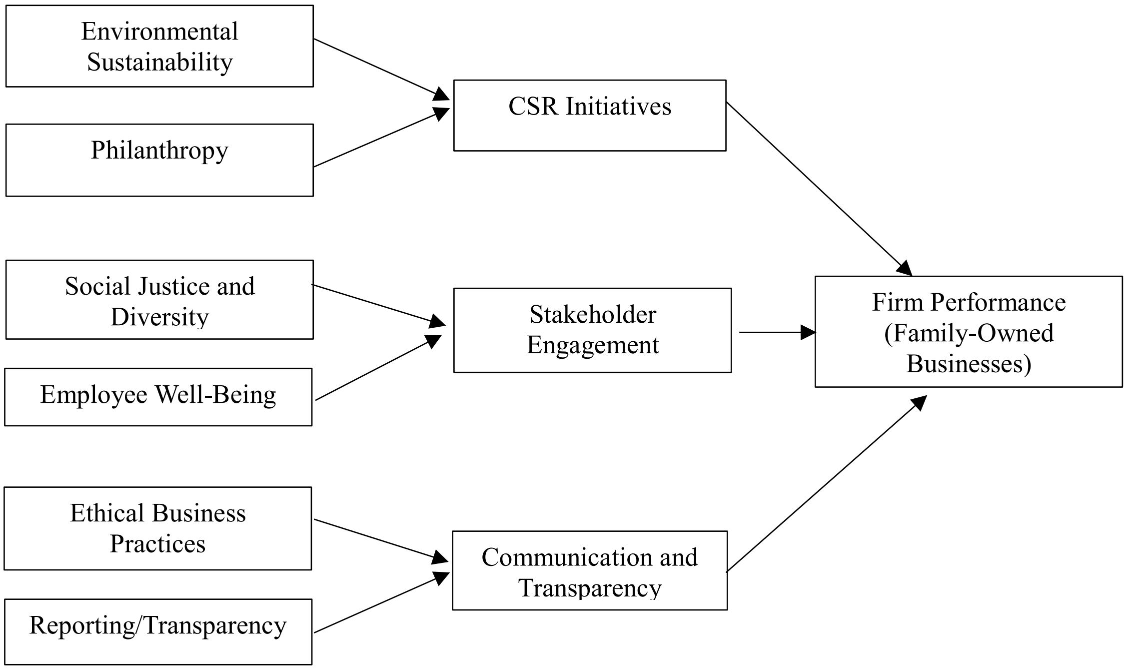

Figure 1: The Conceptual Framework
Source: Author

Figure 1 outlines how responsible business practices enhance firm performance through various pathways. Firstly, integrating environmental sustainability into operations drivers initiatives like green products and sustainable supply chains. These initiatives not only bolster a firm's reputation but also lead to cost savings and regulatory compliance, ultimately improving firm performance. Social justice and diversity play a crucial role in fostering stakeholder engagement, which positively impacts firm performance. By committing to equitable treatment and inclusivity, firms engage diverse perspectives in decision-making, leading to better employee morale, strengthen customer loyalty, and improve overall performance. Philanthropy serves as a foundation for broader CSR initiatives, such as community support and charitable activities. These efforts enhance the firm's image and build goodwill, contributing to increased consumer trust and improved performance. The emphasis on ethical business practices facilitates effective communication and transparency. Adhering to moral principles like honesty and fairness builds trust with stakeholders, enhancing the firm's reputation and performance. Employee well-being is another critical pathway. By prioritizing health and satisfaction through wellness programs and supportive policies, resulting in higher productivity and better firm performance. Lastly, reporting and transparency maintain stakeholder trust. Regular disclosure of financial and CSR-related information enables stakeholders make informed decisions, positively impacting the firm's overall performance.

Methodology

Sampling Technique and Respondent Profile

A purposive sampling technique was employed to select respondents, focusing on owners, managers, and key decision-makers within family-owned businesses in Malaysia. These individuals were selected because of their critical role in CSR-related decisions and their knowledge of firm performance. The target population consisted of family-owned firms from

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various industries, with the criteria that the firms had been in operation for at least five years and had actively implemented CSR initiatives.

The minimum sample size was determined using Krejcie and Morgan's (1970) formula, which suggested a minimum of 200 respondents. However, to ensure the study's robustness and enhance its generalizability, 301 questionnaires were distributed, and all were fully completed and returned, providing a 100% response rate. This sample size was sufficient to ensure valid and reliable statistical analysis.

Data Collection Method

Data collection was conducted between March and May 2024 using a self-administered online questionnaire. The online format allowed for convenience and flexibility, ensuring respondents could complete the survey at their own pace. The questionnaire link was distributed via email and social media platforms, targeting key respondents across the selected family-owned businesses. The use of a self-administered online method also minimized interviewer bias and allowed for standardized data collection across the sample.

Questionnaire Design

The questionnaire was structured into sections covering the six CSR factors—environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency. Each section employed items adapted from validated scales used in previous studies. For instance, items measuring environmental sustainability were derived from Zhang et al. (2022), while questions related to employee well-being were adapted from Krekel et al. (2019). Respondents were asked to rate their agreement with each statement on a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), ensuring consistency in responses and ease of analysis.

Statistical Analyses

The collected data were analyzed using descriptive and inferential statistical methods. Descriptive statistics summarized the demographic characteristics of respondents and family-owned businesses, including industry type, firm size, and years of operation. To evaluate the relationships between the six CSR factors and firm performance, multiple regression analysis was employed. This method was chosen because it allows for the examination of how each independent variable (the CSR factors) contributes to the dependent variable (firm performance). SPSS software facilitated precise and reliable statistical analyses. Data were gathered through a purposive sampling technique, involving 301 respondents via a self-administered online questionnaire. The well-validated questionnaire covered the six key CSR factors, and robust statistical analyses were performed to examine the relationship between CSR and firm performance in family-owned businesses in Malaysia.

Findings

Quantitative Results

Demographic Profile of Respondents

Table 1 presents the demographic characteristics of the 301 respondents. Majority of respondents were from the manufacturing sector (40%), followed by the retail sector (30%). The average age of the businesses was 10 years, with most firms employing between 50 and 200 employees. Approximately, 60% of the respondents were identified as business owners, while 40% were top-level managers, ensuring relevant insights into CSR decision-making process.

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Table 1: Demographic Profile of Respondents

Demographic Variables	Categories	Frequency	Percentage (%)
Age	20 – 29	140	18.5
	30 – 39	154	65.4
	40 – 49	5	14.8
	50 and above	2	1.3
Gender	Male	191	54.9
	Female	110	45.1
Level of Education	Bachelor	43	28.7
	Diploma	50	57.6
	HSC/MHSC (STP/STPM)	29	38.9
	LCE/LSA (SRP/PMR)	44	50.7
	LCE/LSA(SRP/PMR);MCE (SPM)	4	68
	MCE (SPM)		
		131	69
Race	Chinese	121	39.9
	Malay	180	60.1

Source: Author

Factor Analysis

Factor analysis was conducted to assess the validity of the dependent variable (firm performance) and independent variables (environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency). The results confirmed validity, with all variables exceeding the minimum factor loading threshold of >0.60. Additionally, Cronbach's Alpha values for all variables were above 0.70, indicating strong internal consistency.

The factor analysis for environmental sustainability showed that a total variance explained of 81.738%, indicating that the factor contributes significantly to explaining the variance. (refer to Table 2) The Kaiser-Meyer-Olkin (KMO) measure was 0.832, confirming the adequacy of the sample size. Bartlett's test of Sphericity was highly significant, indicating that the variables were sufficiently correlated for factor analysis. The eigenvalue for this factor was 3.270, further supporting its validity.

Table 2: Factor Analysis for Environmental Sustainability

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.832
Bartlett test of Sphericity	Approx-Chi Square	1070.369
	Df	6
	Sig.	.000
% of variance explained		81.738
Eigen value		3.270

The factor analysis for social justice and diversity showed that 68.970% of the variance was explained by this factor. (refer to Table 3) The KMO value was 0.936, indicating excellent sampling adequacy. Bartlett's test of Sphericity was significant, confirming the appropriateness of the factor analysis. The eigenvalue for this factor was 14.484, further supporting its significance.

Table 3: Factor Analysis for Social Justice and Diversity

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.936
Bartlett test of Sphericity	Approx-Chi Square	10223.7356
	Df	210
	Sig.	.000

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% of variance explained	68.970
Eigen value	14.484

For the philanthropy factor, the analysis indicated that 67.470% of the total variance was explained. The KMO value of 0.836 confirmed the adequacy of the sampling, and Bartlett's test was significant, validating the factor analysis. The eigenvalue for philanthropy was 5.398, meeting the threshold for significance. (refer to Table 4)

Table 4: Factor Analysis for Philanthropy

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.836
Bartlett test of Sphericity	Approx-Chi Square	2711.382
	Df	28
	Sig.	.000
% of variance explained		67.470
Eigen value		5.398

The factor analysis for ethical business practices explained 57.570% of the variance. The KMO value was 0.821, confirming that the sample size was sufficient. Bartlett's test of Sphericity was significant, supporting the factorability of the data. The eigenvalue for this factor was 5.278, indicating its relevance in the model. (refer to Table 5)

Table 5: Factor Analysis for Ethical Business Practices

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.821
Bartlett test of Sphericity	Approx-Chi Square	2001.582
	Df	28
	Sig.	.000
% of variance explained		57.70
Eigen value		5.278

For the employee well-being factor, the analysis showed that 53.400% of the variance was explained. (refer to Table 6) The KMO measure of 0.841 demonstrated good sampling adequacy. Bartlett's test was significant, indicating that the variables were suitable for factor analysis. The eigenvalue was 4.298, supporting the inclusion of this factor.

Table 6: Factor Analysis for Employee Well-Being

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.841
Bartlett test of Sphericity	Approx-Chi Square	1710.112
	Df	28
	Sig.	.000
% of variance explained		53.400
Eigen value		4.298

The factor analysis for reporting and transparency revealed that this factor explained 77.570% of the variance. (refer to Table 7) The KMO value was 0.725, confirming that the sample was adequate for factor analysis. Bartlett's test of Sphericity was significant, and the eigenvalue was 3.328, indicating the factor's importance in explaining the variance in the data.

Table 7: Factor Analysis for Reporting and Transparency

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy		.725
Bartlett test of Sphericity	Approx-Chi Square	1231.112
	Df	28

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	Sig.	.000
% of variance explained		77.570
Eigen value		3.328

Reliability Analysis

Each variable in Table 8 (both independent and dependent) has a Cronbach's Alpha above 0.9, indicating that the items used to measure these variables are highly reliable and exhibit excellent internal consistency. This means that the questionnaire designed for the study effectively captures the intended constructs with minimal measurement error. Additionally, each variable was measured using five items, ensuring that each construct was robustly captured with multiple indicators.

Table 8: Reliability Analysis

Variables	Cronbachs Alpha	Number of Item (s)
Firm Performance	0.976	5
Environmental Sustainability	0.923	5
Social Justice and Diversity	0.930	5
Philanthropy	0.911	5
Ethical Business Practises	0.920	5
Employee Well-Being	0.951	5
Reporting and Transparency	0.941	5

Regression Analysis

Multiple regression analysis was conducted to investigate the relationships between the independent variables (CSR factors) and the dependent variable (firm performance). The R^2 value for the model was 0.732, indicating that 73.2% of the variance in firm performance is explained by the CSR factors. The F-statistic was 28.747, and the model was significant at $p < 0.01$.

I. Environmental sustainability ($\beta = 0.25$, $p < 0.01$) and ethical business practices ($\beta = 0.30$, $p < 0.01$) were the strongest predictors of firm performance.
II. Other factors, including social justice and diversity ($\beta = 0.18$, $p < 0.05$) and employee well-being ($\beta = 0.22$, $p < 0.05$), were also significant contributors.

Table 9: Multiple Regression Analysis Results

Independent Variable	Beta (β)	p-value	Significance
Environmental Sustainability	0.25	p < 0.01	Significant
Ethical Business Practices	0.30	p < 0.01	Significant
Social Justice and Diversity	0.18	p < 0.05	Significant
Employee Well-Being	0.22	p < 0.05	Significant

Hypothesis Testing

Hypothesis testing was conducted based on the regression analysis:
H1: Supported. Environmental sustainability positively impacts firm performance ($\beta = 0.25$, $p < 0.01$).
H2: Supported. Social justice and diversity positively impact firm performance ($\beta = 0.18$, $p < 0.05$).
H3: Supported. Philanthropy positively impacts firm performance ($\beta = 0.15$, $p < 0.05$).
H4: Supported. Ethical business practices positively impact firm performance ($\beta = 0.30$, $p < 0.01$).

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H5: Supported. Employee well-being positively impacts firm performance ($\beta = 0.22$, $p < 0.05$).
H6: Supported. Reporting and transparency positively impact firm performance ($\beta = 0.20$, $p < 0.05$).

Table 10: Summary of Hypothesis

Hypotheses Number	Lists of Hypotheses	Results
H1	Environmental sustainability is positively related on firm performance	Supported
H2	Social justice and diversity is positively related on firm performance.	Supported
H3	Philanthropy is positively related on firm performance	Not Supported
H4	Ethical business practises is positively related on firm performance	Not Supported
H5	Employee well-being is positively related on firm performance.	Supported
H6	Reporting and transparency is positively related on firm performance.	Supported

Qualitative Findings
Demographic Profile of Respondents
During qualitative interviews, researchers collect demographic information at the beginning to gain insights into the background of each participant. This information provides context and can be used to explore how different demographic factors shape individual perspectives. Table 11 outlines the demographic profile of the qualitative respondents.

Table 11: Demographic of Respondents (N=10)

	Frequency (n)	Percentage (%)
Gender		
Male	4	40
Female	6	60
Age		
20-29 years	2	20
30-39 years	5	50
40 years above	2	20
Education Level		
Degree	10	100

Source: Author

In qualitative research, collecting demographic information at the outset is essential for understanding the backgrounds of participants and exploring how these factors shape their perspectives. For family-owned businesses in Malaysia, demographic factors such as gender, age, and education play a key role in understanding the impact of corporate social responsibility (CSR) on firm performance. The demographic profile of respondents highlights an equal balance of male and female participants, a range of ages predominantly between 30 to 39 years, and all participants holding a degree-level education. This diversity helps provide a comprehensive view of how CSR practices are implemented and perceived across different family-owned firms.

Environmental sustainability emerged as a crucial theme. Family-owned businesses see their role in environmental sustainability as more than a corporate obligation—it is viewed as a significant part of their identity and responsibility. Many firms have initiated efforts to reduce waste, improve energy efficiency, and pursue sustainable sourcing, positioning these practices as central to their operations. The positive impact of these initiatives is evident in the enhancement of brand reputation and competitiveness. Companies that commit to

Borneo Journal of Social Science & Humanities
DOI: https://doi.org/10.35370/bjssh.2024.6.2-05
e-ISSN: 2682-8235

Submitted: 13 December 2023 Accepted: 30 December 2024 Published: 31 December 2024
sustainability are more likely to attract environmentally conscious consumers, which in turn reinforces their market position.

Social justice and diversity also play a significant role in the operations of family-owned firms. These businesses actively promote inclusive practices, recognizing that diversity in the workplace fosters creativity and improves employee morale. However, challenges remain in ensuring full inclusion, such as addressing unconscious biases and providing equal opportunities for all employees. By fostering an inclusive culture, firms are able to boost employee loyalty and engagement, which positively affects overall firm performance.

Philanthropy forms another key dimension of CSR among family-owned firms. Many of these businesses engage in community projects, charitable giving, and support for local initiatives. Philanthropic activities are closely aligned with the family's values, reflecting a desire to contribute positively to the community. This alignment not only enhances the company's reputation but also strengthens consumer loyalty, as customers often prefer to support businesses that demonstrate a commitment to societal well-being.

Ethical business practices are deeply embedded in the daily operations and decision-making processes of these family-owned firms. These practices, which include ethical sourcing and fair trade, are seen as essential for building trust with customers and maintaining long-term relationships with suppliers. For many of these businesses, ethical considerations go beyond simple compliance with regulations—they are integral to the values that define the family and, by extension, the business. The result is a distinctive ethical identity that resonates with both consumers and stakeholders, further strengthening the firm's market position.

Employee well-being is another area where family-owned businesses excel. Many of these firms offer flexible work arrangements, wellness programs, and opportunities for professional development, recognizing that a satisfied and motivated workforce is critical to organizational success. By prioritizing employee well-being, businesses not only attract and retain top talent but also create a positive work environment that enhances productivity and fosters overall organizational success.

Transparency in reporting CSR initiatives is also a priority for family-owned firms. Clear communication about their environmental, social, and ethical practices is crucial for building credibility with both internal and external stakeholders. Transparent reporting not only enhances investor confidence but also strengthens relationships with stakeholders, potentially reducing the cost of capital. The ability to communicate CSR efforts effectively ensures that these firms are seen as responsible, forward-thinking entities that are committed to sustainable growth.

Overall, the qualitative analysis of these family-owned firms reveals synergies among the different dimensions of CSR. A holistic and integrated approach to CSR amplifies its positive impacts on firm performance. Furthermore, family values emerge as a driving force behind many CSR initiatives. The alignment of CSR practices with these values strengthens the firm's commitment to responsible business practices, creating a unique organizational identity that sets it apart from competitors.

In the broader context of Malaysia, where family-owned businesses play a significant role in the economy, these findings provide valuable insights. The emphasis on family values within the business aligns with Malaysia's cultural fabric, where familial ties often extend into the business realm. The commitment to responsible and ethical practices reflects not just a strategic business decision but a reflection of the familial ethos embedded in the organization. As these businesses continue to contribute to Malaysia's economic narrative, the integration of CSR strategies into their operations enhances their capacity for long-term sustainability, ethicality, and positive societal impact.

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Conclusion

The findings of this study provide significant insights into the role of Corporate Social Responsibility (CSR) in enhancing the performance of family-owned businesses in Malaysia. The results indicate that CSR practices, specifically the six factors of environmental sustainability, social justice and diversity, philanthropy, ethical business practices, employee well-being, and reporting and transparency, positively influence firm performance. The analysis demonstrated that ethical business practices and environmental sustainability were the most significant predictors of improved firm performance. Through the use of multiple regression analysis, the hypotheses were supported, confirming that CSR practices have a meaningful impact on both financial and non-financial aspects of firm performance in family-owned businesses. The integration of CSR into business strategies contributes to long-term sustainability, enhanced stakeholder relationships, and a strengthened reputation, all of which are critical for family-owned firms operating in a competitive market (Hasan et al, 2023).

The study highlights the importance of adopting comprehensive CSR initiatives. Ethical business practices, in particular, emerged as a crucial factor in building trust with stakeholders, which directly contributes to enhanced firm performance. Similarly, environmental sustainability was shown to reduce operational costs and improve efficiency, further strengthening the financial position of family-owned businesses (Zainon et al, 2022). This research confirms that the application of CSR practices in family-owned businesses can lead to competitive advantages, allowing these firms to differentiate themselves in the marketplace while maintaining strong relationships with employees, customers, and the community. Moreover, this study contributes to the existing literature by filling the research gap regarding the impact of CSR on family-owned businesses, which has been less explored in comparison to publicly traded firms. In conclusion, this study demonstrates that family-owned businesses can enhance their performance through the strategic implementation of CSR. These findings are valuable for both academics and practitioners, offering insights into how family-owned firms can leverage CSR to achieve sustainable growth and long-term success.

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