

# Strategic Cost Management, Corporate Social Responsibility, Risk Management and Organizational Effectiveness: Potential Effects on the Sustainable Development Goals by Manufacturing Firms

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## Abstract

Sustainable Development Goals (SDGs) are now trending in the world as they document a collection of seventeen interlinked objectives towards achieving the status of a developed nation by 2030. In Malaysia, commitment towards becoming a developed nation is evident through the integration of the SDGs with the 12<sup>th</sup> Malaysia Plan strategies and initiatives. SDGs cover broad challenges that come from economic inclusion, diminishing natural resources, environmental degradation, and climate change impacts. Following this, businesses play a critical role in facilitating national sustainable development as they make an immeasurable impact on society either from financial, social, or environmental aspects. Thus, this will discuss strategic cost management, corporate social responsibility, risk management, and organizational effectiveness, which have potential effects on the development of SDGs by manufacturing companies. This paper offers new insights into the factors that shaping the relationship between SDGs and business operations. As such, it can serve as a valuable reference to the companies seeking to enhance the sustainability of their day-to-day activities.

**Keywords:** Sustainable Development Goals, Strategic Cost Management, Corporate Social Responsibility, Risk Management, Organizational Effectiveness

## Introduction

Sustainable and inclusive development has always been the nation's development planning principle including Malaysia. As a member of the United Nations, Malaysia shows its effort to

support sustainable development by adopting Sustainable Development Goals (SDGs) through synchronizations of the 12<sup>th</sup> Malaysia Plan initiatives with 17 SDGs objectives (Ministry of Economy 2021). This effort has been continued in the development of 13<sup>th</sup> Malaysia Plan. According to the Malaysia Voluntary National Review (VNR) 2021, a comprehensive management committee has been formed where the role is on monitoring, evaluating, and reporting the SDGs status to ensure the implementation effectiveness. The committee consists of representatives from relevant Government ministries and agencies, the private sector, civil society organizations, academia, and international organizations. The private sector involvement, especially the manufacturing industry, has a significant impact on the SDGs development as they are among the main catalysts for economic development due to their ability to innovate and scale their resources (Agarwal, Gneiting and Mhlanga 2017).

The importance of the manufacturing sector to the Malaysian economy is evident through the shift of economic reliance from a low-productivity agrarian-based economy to a manufacturing-based economy (Abdur Rahman and Schmillen 2020). Manufacturing companies contribute around 29.1% of total gross domestic products in 2024 (Department of Statistics Malaysia 2025). Despite its significant and positive impact on GDP, manufacturing is also known as a sector that has a large impact on worldwide energy use and resource consumption (Wu et al. 2022). They are known as one of the contributors to the detrimental environment. As a result, they are concerned with environmental damage issues (Ahmadi-Gh and Bello-Pintado, 2022). Despite environmental issues, the economic fallout due to the disruption in global production and supply chain network as a result of the COVID-19 pandemic put pressure on and opened a new dimension for manufacturing organizations (Kumar, Luthra, Mangla and Kazancoglu 2020). Even worse, the rapid increase in the industrialized sectors' activities has put immense pressure on the environment, natural resources, and social beings (Toh 2021; Sadiq, Ngo, Pantamee, Khurshid Khudoykulov, Ngan and Tan 2022). Companies were no longer able to operate as previously.

The disruptions in operations required companies focus on prioritizing their efforts toward survivability over sustainability (PricewaterhouseCoopers 2020). However, it is contradicted with the current business paradigm where potential stakeholders like investors focus on companies' sustainability commitments before placing investment. There is a growing need for companies to align the financial efficiency with the long-term sustainability requirements. Traditionally, cost management which had been implemented focused on short-term cost reduction. However, the emergence of Strategic Cost Management (SCM) extends beyond cost control to encompass value creation, resource optimization, and strategic decision making. Given the global movement towards the integration of SDG which proactively concern with the pillar of economic sustainability, social sustainability, and environmental sustainability, aligning SCM with SDGs become crucial as its support the innovation and long-term competitive advantage as well enhance the stakeholders trust through responsible financial practices (Abdurrahman et al., 2022; Sadiq et al., 2022; Lin, Chong and Wong 2025). In this context, manufacturing firms should re-evaluate and transform their current value chain activity from the integrity of their supply chain right through to disposal by embracing SDGs along the process.

Changes in the global business paradigm due to the challenges of social, environmental and economic signifies the fundamental transformation in the role of business

in society, moving beyond traditional philanthropy toward strategic, value-driven sustainability. In the past, companies view Corporate Social Responsibility (CSR) as short term action charity based and separate with the core business operations. The focus is on the enhancing corporate image and goodwill rather than generating measurable societal impact. However, in the current business landscape where consumers and investors demand ethical and responsible practices, companies start to view CSR as strategically in which sustainability is embedded within business models, supply chain and long-term decision making. Companies adopt structured approaches and initiatives of CSR which support the SDGs foster innovation, new market opportunities, and enhance competitive advantage through sustainable business practices model. In addition, as financial markets prioritize ESG- and SDG compliant investments, firms demonstrating measurable CSR impact are more likely to secure investor confidence and access the capital assistance. Therefore, investigating the impact of CSR on SDGs is crucial, not only for scholarly discourse but also beneficial for businesses in a way of providing genuine and measurable contributions to long term value creation and sustainability.

The SDGs present the complex environmental, social and governance challenges which required a systematic process to cater the challenges such as the practice of risk management. A study by Oduoza (2020) and Ghazieh and Chebana (2021) support the notion where risk management serves as the organizational protection layer where its existence strengthened the internal control system as well as improved organization performance. Besides that, implementing risk management within business activity also can help firms produce good corporate governance (Victorian Managed Insurance Authority 2010). In the case of SDGs, risk management is needed as it directly influences the companies' ability in anticipating and navigating the uncertainties while pursuing long-term sustainability objectives. The incorporation of risk management as a key indicator for assessing and evaluating the SDG progress is significant in the manufacturing sector, where operational complexities heighten the exposure to uncertainties. Manufacturing process involves a series of interdependent value chain activities (i.e., upstream, and downstream supply chain) which increase the likelihood of mismanagement in every activity (Nguyen 2024). In this context, effective risk management serves a crucial mechanism for safeguarding operational continuity, mitigating disruptions and strengthening business resilience to achieve the SDGs. Moreover, integrating SDG considerations into corporate risk frameworks strengthens stakeholder confidence, as investors and regulators increasingly demand transparency around how organizations address systemic risks related to sustainability. Without robust risk management, companies may face compliance breaches, reputational damages and financial losses that hinder progress toward sustainable development. Therefore, studying this relationship offers valuable insights into how business can transition from reactive risk avoidance to proactive sustainability risk governance, ultimately reinforcing both corporate resilience and global SDGs fulfilment.

Accordingly, this paper is divided into five sections, which are the first on a review of SCM, CSR, and risk management, and their roles in the development of SDGs. Section two discusses the SDGs concerning Malaysian manufacturing firms and is followed by the discussion on SCM, CSR, and risk management in section three. The relationship between the selected factors and SDGs is explained in section four. Finally, section five concludes the paper and suggests the direction for future research.

*Sustainable Development Goals and Malaysian Manufacturing Companies*

Discussion on SDGs started to gain academic attention following its introduction in 2015 and the conclusion of the Millennium Development Goals (MDGs). SDGs are the successor of MDGs which document a series of goals and targets to reduce poverty, hunger, diseases, unmet schooling, gender inequality, and environmental degradation (Sachs 2012). SDGs are more integrated and inclusive solutions for ending poverty, protecting the planet, and ensuring all people enjoy peace and prosperity lives. It also brings the idea of integrating the social, economic, and environmental outcomes, maximizing the synergies, and reducing the trade-offs (United Nations 2015).

As one of the UN members, Malaysia shows its commitment to the SDGs by embracing the 17 SDGs objectives in the national agenda. It can be seen through a mapping exercise that aligns and integrates the national development plan's action plans, initiatives, and outcomes with the SDGs' goals, targets, and indicators. The efforts begin with the 11th Malaysia Plan and continue under the 12th Malaysia Plan. With the theme "no one left behind," efforts to localize SDGs initiatives will be intensified with the collaboration with the private sector, public sector, and other stakeholders.

The Prime Minister of Malaysia monitors the development of SDGs through the National SDG Council (Ministry of Economy 2021). The council is supported by a national Steering Committee (NSC) chaired by the Director General of the Economic Planning Unit (Karim 2021). There are five divisions of the working committee, each with its own focus. Malaysia has recorded growth in the economy for the past two decades, but the emergence of the Covid-19 pandemic hit us slightly and set back the progress from the initial plan (Ministry of Economy 2021). A series of workshops was organized and served as the platform to discuss the progress, challenges, and opportunities with various stakeholders such as public and private sectors, academia, and prominent individuals.

The development of SDGs from the lens of corporate business is important for today's business environment since it can attract investment from outside Malaysia (Ridzuan, Ismail and Che Hamat 2018). That investment will influence economic growth and potentially create new job opportunities. From the manufacturing industry's lens, SDGs are important as they can be a source for shared value creation. At present, as a result of the recent pandemic Covid-19, investors are more interested in companies that value sustainability in their practices (Warren 2020). The importance of SDGs to business also can be seen through the introduction of reference documents such as SDG Industry Matrix: Industrial Manufacturing. Besides that, criticism of the manufacturing industries, which become the source of pollution, environmental degradation, data protection, and labor standards, makes it significant for this industry to adopt SDGs in its practice (Ngu et al. 2020).

*Factors Influencing Sustainable Development Goals in Malaysian Manufacturing Companies*

SDGs deal with the issue of social, economic, and environmental and efforts to solve the problems that are associated with these three aspects require collaborations with a few parties, including the private sector which also comprise the manufacturing sector. Based on the literature, SCM, CSR, and risk management have been identified as independent variables, whereas organizational effectiveness was chosen as the mediator to examine the relationship with the development of SDGs from Malaysian manufacturing perspectives.

### *Strategic Cost Management*

SCM is defined as the use of cost information explicitly directed at strategic management by the managers. Cooper and Slagmulder (1998) define SCM as the application of cost management techniques that not only focus on reducing cost but also simultaneously improve the strategic position of a firm (e.g., improve productivity and maximize profit) and create a long-term competitive advantage (e.g., improve customer satisfaction). The definition document by Cooper and Slagmulder (1998) is consistent with Wangcharoendate (2015). SCM allows the better management of resources and increases firm competitiveness in terms of costs, quality, and firm profitability, and applies a set of cost calculation systems in the decision-making process. Thus, the management of the organization is required to view the cost and revenue management in complementary manners and not competing manners. Alignment between the cost structure and business strategy is needed to ensure the optimization of strategy in achieving better performance and generating more wealth for the firm.

A study by Adigbole, Adebayo and Osemene (2020) found that SCM positively influences organizational performance in Nigeria. The study uses three strategic management tools (cost drivers) in examining the relationship: Activity Based Costing, Life Cycle Costing and Target Costing. The complex manufacturing process could be the significant driver in supporting the application of the selected technique in enhancing firm performance and strengthening competitive advantages. The findings support the previous research by Phornlaphatrachakorn (2018) that documents the significant relationship between SCM (i.e., cost advantage, cost leadership and cost efficiency) and firm profitability.

### *Corporate Social Responsibility*

CSR reflects the business management concept that concerns business morals and ethics, allowing them to achieve sustainable growth while contributing to society (Moore 2020). CSR relates to the social and environmental initiatives an organization incorporates into its business operations and interactions with its stakeholders to build a sustainable future. According to Feng, Akram, Hieu and Tien (2022), common CSR practices include the responsibilities towards employees (human capital enhancement), customers (ethical marketing), environment (environmental sustainability), and community (society improvement and social well-being). The involvement in CSR activities can be seen through a list of efforts and among them is a collaboration between companies with stakeholders organizing community events, producing guidelines and policies in the best interest of internal and external stakeholders, conducting the business well and considering views and opinions from low-level to top management in decision making.

Sudirman et al. (2021) investigate the relationships between CSR and SDGs in Southeast Sulawesi. Through their study, CSR programs' implementation positively influences SDGs' achievement. The programs cover many stakeholders and involve engagement with other business entities. From the perspective of business performance or Organizational Effectiveness (OE), the impact of CSR implementation was documented by Lopez, Rangel and Fernandez (2022). Through the research, the performance of the business is significantly dependent on the CSR strategy, as data shows the business's share price keeps increasing as it continuously actively implements CSR activity.

Manufacturing firms in Malaysia that positively link CSR in their operation have successfully addressed the SDGs. A study by Abdurrahman et al. (2022) also confirms the findings from Bahta et al. (2021) which documents positive findings of CSR (community dimension) influence the performance of the firm. The fact could influence these results as CSR and SDGs share the same foundation, where protecting society is the main agenda. With the aspiration to become a nation that supports the SDGs goals, Environmental, Social, and Governance (ESG) are now been introduced as the main agenda in Malaysian manufacturing communities. Ministry of Investment, Trade and Industry (MITI) of Malaysia is working hard to produce an ESG framework to be implemented by these sectors in the future to guide their operation in dealing with ESG issues. Considering these, CSR could play a major role in assisting the development of SDGs. Attention should be given to investigating this matter, as it could be a usable weapon for manufacturing companies during their battle in intense competition.

### *Risk Management*

There is several risk definitions can be found in the literature and according to Oehmen, Olechowski, Kenley and Ben-Daya (2014), the definition is varied according to the business type and nature. The most widely accepted definition is risk represents the effects of uncertainties on objectives (Department of Standard Malaysia 2010). Coolier, Berry and Burke (2016) agree on the meaning of the risk proposed and support the notion of the existence of risk management as a way on assisting organizations in addressing the risk associated with activities related to achieving their objectives. Risk management has been designed to identify potential risk events that may negatively affect performance and manage risks to an acceptable level. Risks are always been portrayed as events that result in negative consequences. However, some researchers (Ahmadi et al. 2017; Alsaadi and Norhayatizakuan 2021) consider risk management as a business opportunity that allows them to enhance their performance.

To date, there is no standard framework governing how the organization should implement risk management. It is worth noting that risk management practices are not one-size-fits-all; the design is rather flexible and should be tailored to suit the needs of the organizations. It supports the view that organizational risks differ and are subject to factors such as physical location, culture, and socioeconomic conditions. Hence, organizations must design and customize the appropriate risk management techniques that meet their requirements such as risk tolerance level, industry sector, and culture (Khan, Hussain and Mehmood 2016).

Alsaadi and Norhayatizakuan (2021) document the positive results between the risk management practice and firm performance from the construction industry practices. In their study, they also highlighted the need to hire competent and qualified staff (also considered as internal factors) to deal with risk issues. Aris and Al-Shamsi (2021) report similar results but have ranked the elements according to their specific group, which are risk management process, operational risk management, risk assessment, and risk control. Risk management consists of risk treatment, recognized as the top element that influences performance, and is followed by risk assessment.

Frempong, Nartey, and Korankye (2019) indicated that risk management strongly affects organizational efficiency with an emphasis on risk monitoring. Risk identification was found to be less important than risk monitoring. A study by Egiyi and Eze (2022) supports previous findings on risk monitoring elements and states that risk analysis, risk evaluation, and the threat of risk significantly influence organizational efficiency at a 5 percent level of significance. However, from a risk identification perspective, they report different findings as they assert that it does not affect organizational efficiency.

### *Organizational Effectiveness*

To date, there is no concrete model proposed to define OE. According to a study by Eddy (1981), OE measures are based on three elements which are individual, managerial, and organizational, as those elements play a key role in assisting the organization to attain OE. Robbins (1990) and Balduck and Buelens (2008), on the other hand proposed four approaches to measure OE. There is the system resource approach, the goal approach, the strategic constituency approach, and the internal process approach. Kareem (2019) employed two approaches (i.e., the system resource and goal attainment approaches) introduced by Robbins (1990) and Balduck and Buelens (2008) in assessing OE with the additional approach, which is competing values. Corresponding to the study by Kareem (2019), Kulachai, Vuttivoradit, Tedjakusuma and Homyamyen (2021) utilized the competing-values approach in measuring OE from the perspective of a private company in Bangkok.

Based on the previous literature, it has been found that OE is sometimes viewed as organizational success and worth or organizational performance. Past researchers consider OE as the organization's ability to achieve its strategic and operational goals by bringing the limited and valuable resources from the environment and mobilization of human and operational benefits to the organization (Douglas, Merritt, Roberts and Watkins 2022; Kulachai et al., 2021). Abdurrahman et al. (2022) agreed that corporate social and environmental responsibility influence OE significantly. These findings align with the fact that adapting well to external environments while effectively utilizing resources can assist firms in obtaining advantages in the aspects of OE. The findings from Abdurrahman et al. (2022) are consistent with the previous study by Ukpabi et al. (2014), which reveals that firm productivity and stability increase once it's involved actively in CSR.

The study conducted by Xie and Lin (2022), investigates the impact of investment strategy and SDGs on organizational effectiveness in automobile companies in China. The study implies that business organizations that design their policies and strategies aimed at embracing sustainability developments in carrying out their operation will enjoy the OE. It is because employees will put efforts into ensuring the optimization of resources and adapt to any changes in business environments, especially when the changes create or offer a healthy workforce for them. Roundy (2019) shows that companies that design their financial management by investing in business resources like an extension on technology, financial instruments like bonds or debentures, and human development programs can enhance the business capacity and improve their regular revenue and productivity. This raise can increase the financial value of the firm and offer an advantage to its operation in a way to achieve or develop OE.

*Strategic Cost Management, Corporate Social Responsibility, Risk Management and Organizational Effectiveness in Sustainable Development Goals*

The instability of economic conditions due to the recent pandemic COVID-19, which badly affects almost all countries, including Malaysia, is expected to influence the business landscape. Previously, interested stakeholders like investors preferred companies that could offer them higher returns, but nowadays, investors are more interested in companies that emphasize more on sustainability issues. Thus, examining the factors that can assist companies in the development of SDGs will shed light on them to become the main investor choices.

*Strategic Cost Management and Sustainable Development Goals*

In today's competitive world, businesses must face tremendous challenges regarding scarce resources, unstable markets, political instability, and climate change. Companies must transform to ensure they can adapt well to all changes. Traditionally companies have been under pressure to reduce the cost without considering the effects on sustainability. However, as environmental, social and governance comes into the business ecosystems, companies must consider managing the revenue and cost to create a competitive advantage and value for stakeholders.

In this study, SCM relies on the elements of cost driver, value chain, and strategic positioning. Numerous researchers (Rounaghi et al. 2021; Adigbole, Adebayo and Osemene 2020) have indicated that SCM influences organizational effectiveness through the optimization of cost drivers, successful strategic position mechanism as well and improving the current value chain. However, little research (Ahmad and Sulaiman 2023; Prakash, Kamiya, Ndugwa and Cheng 2020) associated the use of SCM with SDGs development.

Previous work on SCM reported positive findings with some of the studies focusing on choosing specific SCM in their research to investigate the link between organizational performance and SDGs implementation (Ahmad & Sulaiman, 2023; Rounaghi et al., 2021; Adigbole, Adebayo & Osmene, 2020). Ahmad and Sulaiman (2023) assess and document the significant relationship between the accurate allocation of cost on achieving the SDGs goal. Prakash et al. (2020) proposed a method to value the cost of achieving the development of SDG 11. Measuring the cost of every target of SDGs can assist the potential stakeholders in ensuring successful implementation. Thus, it is crucial to identify whether applying SCM could create a positive impact on SDGs or vice versa. Rounaghi et al. (2021) reported that it is critical to practice cost optimization and align them with the entity's business if the business intends to achieve the desired strategic market position, especially in terms of cost-effectiveness.

*Corporate Social Responsibility and Sustainable Development Goals*

Studies on CSR and SDGs are still not adequate to fill the academic room. CSR has a broad concept. It has been interpreted differently by every organization to align with the company's goals and values. Numerous studies (Abdurrahman et al., 2022; Feng et al., 2022; Sudirman et al., 2021; Bahta et al., 2021) discuss the impact of CSR from various dimensions and thus, the implementation of each dimension must consider how it affects people and the planet. Sudirman et al., (2021) and Abdurrahman et al., (2022) agree that SDGs achievement is positively influenced by CSR practice. The significantly positive result of this relationship is well predicted since CSR is known as one of the ESG components.

Sharing quite similar key features which are integrating social and environmental concerns into business, CSR could be treated as the bridge towards achieving SDGs (Noh, 2020). Bahta et al. (2021) and Feng et al. (2022) examine the impact of CSR from four perspectives which are employees, communities, customers and environments reported significant relationships with the firm performance. Fallah Shayan et al. (2022) reported that CSR and SDGs are interrelated, even though the objective of each element is different and implementing CSR indirectly assists the firm in transforming SDGs into reality. The importance of CSR for businesses also can be seen through the increase in firm value. People are keen and interested in doing business transactions with companies that operate in a manner that enhances rather than degrades society's well-being and environmental quality (Feng et al. 2022). Potential investors now also look into the aspects of social and environmental before making any business move such as investments (Evans and Siesfeld 2020).

#### *Risk Management and Sustainable Development Goals*

The 21st century marks the drastic changes in the world's economic landscape. The recent COVID-19 pandemic pressures both developed and developing countries to protect and stabilize their financial performance without compromising the needs of their citizen. Private organizations must strive to find creative ways to manage their operation, especially when the resources are limited. Thus, practicing risk management can be considered a wise move.

Several studies have examined the impact of risk management on various dimensions of firm performance. Altuntas, Berry-Stölzle, and Hoyt (2011) and Jabbour and Abdel-Kader (2015) demonstrated a positive relationship between risk management practices and operational efficiency through the return of equity improvement. Recent studies conducted by Frempong, Nartey, and Korankye (2019) and Makkawi (2021) support the past studies' findings, which indicated that organizational efficiency has increased as a result of risk management implementation. Despite the positive impact of the implementation, risk management still not widely been used by organizations, as reported by Saleem and Abideen (2011). Less support from management, lack of knowledge of the subject matter, and organization are among the factors that influence the low usage of risk management (Frempong et al. 2019; Alsaadi and Norhayatizakuan 2021). Besides improving performance in terms of increased economic proficiency, the benefit of using risk management can also be measured through investment decision-making. A study by Bekefi, Epstein, and Yuthas (2008) highlighted that organizations that effectively manage risk by integrating it into the decision-making process will be able to capitalize on all opportunities that arise and mitigate the predicted challenges or issues.

The impact of risk management on organizational internal control systems has also been explored (Jabbour and Abdel-Kader 2015; Altuntas et al. 2011). Saleem and Abideen (2011) and Zulkifli (2014) opined that there is a slight difference between the corporations that used and did not use risk management. By identifying and addressing potential risks that can impair organization goals, companies can create a conducive environment for business development, leading to improved competitive advantage and performance. Failure to identify, assess, and manage the risk will lead the organization to record poor performance and lose credibility and the stakeholder's trust, which can negatively impact the company's overall performance and sustainability. Thus, it is important to note that a firm's performance is positively influenced by effective risk management implementation.

*Organizational Effectiveness and Sustainable Development Goals*

OE has a long-standing research topic in the field of management. Past studies on OE focused on its role in improving business performance and effectiveness (Abdurrahman et al. 2022), the dimension used in assessing the level of OE achieved by the organization, and the risk associated with the development process (Al-Tit 2017). In response to the past studies, there is no specific definition as well as a model that fits OE. A study by Balduck and Buelens (2008) discusses the OE from four main approaches namely, (i) the system resource approach, (ii) the goal approach, (iii) the internal process approach, and (iv) the strategic constituency approach. All approaches respond to different situations and have different objectives (Eydi, 2015).

The private sector plays a significant role as a stakeholder that can influence the progress of achieving SDGs through economic investments (Rashed and Shah 2021). They are known as the solution to employment and drivers of technological innovation. However, its significance could not hinder them from becoming the parties responsible for environmental degradation. In the world of post-COVID-19, the value of existence is not only being measured on the ability to make a profit but also on its ability to attain OE by embracing environmental, social and governance matters. The research by Ditkaew et al. (2021) integrates the relationship between SCM and the success of logistics management and the sustainable performance of the export business. The study posits that the application of four SCM offers a positive impact on the success of logistics management and the sustainable performance of export businesses. SCM assists businesses in creating a competitive advantage, which will be an additional point to stay ahead in the market through resource optimization.

Xie and Lin (2022), in their literature article, imply that businesses that place sustainability in their operations will gain OE. Organizations that have an objective to protect the environment and society will ensure their operation will not compromise any environmental and social issue, as they are aware these elements have a high influence on stakeholders' decisions today. From employees' perspectives, they will act in the right way and strive to become more creative to enhance the product quality, improve current processes, and retain the customers, as they are aware their workplace or organization tries to keep the process free from any action that leads to environmental degradation. In terms of the financial umbrella, the cost allocation decision can bring a big difference in the organization's productivity and profitability. It will determine and shape the organization's future. The investment and allocation in some aspects such as technological advancement, can create a positive impact on the firms.

**Conclusion**

The paper discusses the SDGs in the context of Malaysia's manufacturing industry, as well as the factors that influence their development from the industry's perspective. Recent evidence suggests that some scholars are aware of the association between SCM, CSR, and risk management on OE. However, little has been studied on its relationship with the existence of OE as a mediator in the development of SDGs. Based on the discussion above, it can be concluded that there is a dearth of studies that specifically discuss the determinants or factors that influence the development of SDGs, even though this issue is already being recognized as the main agenda for national planning. Thus, there is a need for future research to provide

empirical evidence on the determinants of the development of SDGs by Malaysian manufacturing companies to remain sustained in this challenging market.

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