

AN EMPIRICAL STUDY IN SUSTAINABILITY REPORTING PRACTICES OF INDIAN SMALL AND MEDIUM-SIZED ENTERPRISES

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Abstract *The present study is undertaken to examine to what extent sustainability guidelines, national and international, are followed by the Indian SMEs. The main objective of this study is to examine the sustainability disclosure practices of Indian SMEs. For this purpose, 25 SMEs are considered which are listed in BSE SME and their annual reports for the year 2018-19 are examined. The present study indicates that sustainability issues are of the highest priority but still in their nascent stage particularly among the Indian SMEs. Based on content analysis, the study result shows that the overall disclosure level of sustainability issues is moderate. This pilot study provides an idea about the sustainability reporting practices of Indian Small and Medium-sized Enterprises. Despite some limitations, this is the first study that examines the extent of sustainability reporting practices voluntarily following national and international guidelines.*

Keywords: *Sustainability, Reporting, Content Analysis, SMEs, Sustainability Standard, Responsibility Reporting*

INTRODUCTION

The business entity is one of the most important parts of society. It plays a significant role in the development of the economy of any country. The main objective of any business entity is to earn profit to satisfy all the shareholders and stakeholders who are directly or indirectly involved with the business entity. But in today's ever-changing business environment, no business entity can survive by earning only profit. If any business entity wants to survive in a competitive business environment, it will have to conduct business activities more sustainably. Business activities mainly impact three pillars of society namely, Economic, Society, and Environment. In the year 1994, John Elkington coined the term 'Triple Bottom Line' to mean these three pillars of the society in which business entity focuses. In the era of globalization, a business entity cannot ignore society & the environment and focuses only to earn a profit. Sustainability is a long-term approach to create economic, social, and environmental values that help businesses to build a unique position in the market. The sustainable business ensures that business goals are pursued without compromising any of the 3 Pillars. Sustainable or responsible

business implies that the business entity is giving more attention to regarding environment and society together with profit. Sustainable business is a multiple engagement approaches in which from top to lower level involvements are necessary and it promotes inclusive growth. Inclusive growth is the cornerstone for achieving welfare for all and its benefits reach everyone. Sustainable business has so many advantages like cost efficiency, improve profitability, high-quality production, risk minimization, and business reputation, and so on. To survive in the tough competitive market, sustainable business practices and its reporting have become indispensable. Sustainability reporting is a way of reporting practices in which a business entity has to disclose non-financial information relating to the economic, social, and environment. Sustainability reporting is not mandatory to business entities till now like mandatory CSR practices but since the past few years, some business houses report their sustainability practices following some National and International guidelines.

Generally, big corporate houses report their sustainability practices to gain some benefits from the competitive business environment. But such opportunities may not available to SMEs because of the business practices followed by SMEs

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and the nature of the SME businesses. However, SMEs play a very crucial role in any economy and they also have equal duties towards the environment, society, and community. The present study is undertaken to examine to what extent sustainability guidelines at the national level (NVG guidelines) and international level (Sustainability Standard issued by SASB) are followed by the Indian SMEs in reporting their sustainability practices.

National Voluntary Guidelines on Social, Environmental, and Economic Responsibility of Business (NVGs): In July 2011 Ministry of Corporate Affairs, Government of India released the framework National Voluntary Guidelines on Social, Environmental, and Economic Responsibility of Business (NVGs). It has a set of 9 principles and each principle has few core areas. In this framework, it has been explained how a business can be conducted in a more sustainable or socially responsible manner and it also guides the corporate in sustainable reporting. It is not a binding framework, it is voluntary. Any organization whether big or small, private or public can apply these guideline principles in their sustainable reporting. In the year 2018, it is again modified and renamed as National guideline on Responsible Business Conduct (Hereafter NGRBC). The nine principles of NGRBC are as follows.

Principle 1 Business should conduct and govern them with integrity and in a manner that is ethical, transparent, and accountable.

Principle 2 Business should provide goods & services in a manner that is sustainable and safe.

Principle 3 Business should respect and promote the well-being of all employees, including those in their value chain.

Principle 4 Business should respect the interest of and be responsible for all its stakeholders.

Principle 5 Business should respect and promote human rights.

Principle 6 Business should respect and make efforts to protect and restore the environment.

Principle 7 Business, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8 Business should promote inclusive growth and equitable development.

Principle 9 Business should engage with and provide value to their customer in a responsible manner.

Sustainability Accounting Standards Board (SASB): Sustainability Accounting Standard Board (SASB) is a non-profit organization that aims to establish industry-

specific disclosure standards across environmental, social and governance topics. SASB helps to corporate to disclose material, decision-making information for investors. The standards of SASB are different from industry to industry.

Today the Indian government is giving more attention towards start-up India which encourages every entrepreneur towards SME. In India, SMEs play a significant role in the development of the economy. There are around 26 million MSMEs in India and contribute 40% to industrial production, 45% of export, and 9% of GDP (national voluntary guidelines on social, environment & economic responsibilities of business July 2011). In India, SMEs play a remarkable role in employment generation and most of the Indian workforces are involved in these sectors. In India, MSMEs have divided into two parts the manufacturing sector and the service sector. The big corporate houses have a larger capital base, higher market share, on the other side SMEs have a lower capital base, lower market reach, lack of resources to invest in innovation so maintaining a sustainable business and reporting the same is a big challenge for them. Despite the scarcity of resources whether Indian SMEs are trying to maintain sustainability reporting practices or not is the main concern of this research paper.

LITERATURE REVIEW

There is a large number of research studies have been carried out relating to sustainability reporting practices. For instance, Adamas and Frost (2008) examined the process of key performance indicators for measuring sustainability performance and found that organizations are integrating environment indicators and social indicators into strategic planning performance & decision making. AnsKolk (2008) examined to what extent and how sustainability reporting company incorporates corporate governance aspect and concludes board supervision and structuring of sustainability reporting have the most attention area of the company. Khan et al. (2011) also examined the tendencies of sustainability reporting by Bangladeshi banks and eventually they found that information on society is addressed most extensively. Bachoo et al. (2013) examined the relationship between sustainability disclosure and cost of capital & expected future performance. They concluded that there is a negative relationship between sustainability disclosure and cost of capital but a positive association between expected future performance and quality of sustainability reporting. Amran and Ooi (2014) investigated the emerging trend and importance of sustainability reporting and concluded that pressure from stakeholders compels businesses to prove their governance effectiveness, accountability, and transparency through corporate sustainability disclosure. Ibrahim et al. (2015) also investigated the earnings management practices

and sustainability reporting and noticed that financial performances improve the quality of sustainability reporting. Perez-Lopez et al. (2015) observed the association between sustainability reporting and sustainability management practices and found that both external and internal practices motivate sustainability reporting. Mahmes (2016) examine the influence of corporate environmental disclosure on economic performance and found that there is a significant association between the company's environment disclosure and economic performance. Mahmood and Orazalin (2017) examined the relationship between corporate board characteristics and sustainability reporting and found that board size and gender diversity are important factors in determining the scope and quality of sustainability information. Loannou and Serafeim (2017) examined the impact of sustainability disclosure regulations on firm disclosure practice and valuations and conclude that even in the absence of regulations; the firm seeks the qualitative properties of comparability and credibility. The study of SwarnapaliNayana (2018) on corporate sustainability reporting and firm value and the study result revealed a positive relationship between sustainability reporting and firm value. Kumar and Prakash (2019) examined the sustainability reporting practices of the Indian banking sector in line with major sustainability guidelines and standards. The study result has shown that Indian commercial banks are slower in adopting sustainability reporting practices.

OBJECTIVES OF THE STUDY

The main objectives of this research paper are as follows.

- To examine whether the selected BSE SMEs are complying with the principles of National Guidelines on Responsible Business Conduct (NGRBC).
- To investigate that to what extent the selected BSE SMEs are maintaining compliance with industry-specific disclosure provided by the Sustainability Accounting Standards Board (SASB).

RESEARCH DESIGN AND METHODOLOGY

Sample Size & Criteria of Selection: There are 25 Indian SMEs taken as a sample and the criteria of selection of the sample is that the SMEs must be listed in BSE SME having total annual income greater than 1crore for the financial year 2018-19. There are only 5 sectors taken for the study which belong to commodity trading & distribution, Realty, Textile, Apparels & Accessories, and Construction & Engineering and from each sector, 5 companies are chosen.

Collection of Data: This research paper is based on secondary data only and the data is collected from the company

annual reports and other reports which are provided on the company's main website. Since the main objective of this paper is to examine the compliance of sustainability guidelines issued by the Indian Government and sustainability standards issued by SASB, we checked various published reports especially annual reports of sample SMEs. According to Lang and Lundholm (2003), annual reports are considered as an important source of corporate information for two reasons; firstly, it is considered as an important source of company information by external users and secondly, the disclosure level in the annual report is positively correlated with the amount of corporate information communicated to the market and stakeholders using other media. Annual reports also offer an opportunity for a comparative analysis of management attitudes and policies across reporting periods (Niemark, 1995). For the present study annual reports are collected from the respective company's website or the database maintained by the BSE SME.

Tools of Empirical Analysis: To analyse the data, content analysis is used to prepare descriptive tables relevant to the study. More specifically; the content analysis involves reading each annual report and other reports for identifying compliance information regarding national guidelines/ international standards.

EMPIRICAL ANALYSIS AND FINDINGS

The main objectives of this study are to examine whether the sample SMEs are complying with the principles of National Guidelines on Responsible Business Conduct (NGRBC) and also with the standards prescribed by Sustainability Accounting Standard Board (SASB). Contents of the annual report of sample SMEs are checked for measuring the extent of compliance. The next section describes the extent of compliance with National Voluntary Guidelines on Responsible Business Conduct (NGRBC) issued by Indian Government & sustainability standards issued by SASB.

COMPLIANCE WITH NGRBC GUIDELINES

The following tables are representing the compliance of National Voluntary Guidelines on Responsible Business Conduct (NGRBC) principles by the sample SMEs. By taking these principles as the standard we have analysed the compliances of NGRBC principles among the selected SMEs. We have examined the compliances with the help of content analysis. We enquired SMEs official website, annual reports, and different reports, of the respective SMEs and the official website of BSE SME for their compliance information.

Table 1: Compliance of NGRBC Principles by Commodity Trading & Distribution Sector of Indian BSE SMEs for the Study Period 2018-19

Principles	A1 Acid Ltd	Sirohia & Sons Ltd	Trident Texo Texofab Ltd	Aditya Vision Ltd	Hardwyn India Ltd
P1	√	√	√	√	√
P2	X	X	√	X	√
P3	√	√	√	√	√
P4	X	√	√	√	√
P5	X	X	√	√	√
P6	√	X	√	X	√
P7	√	√	√	√	√
P8	X	X	√	X	√
P9	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: From the above table we found that all the SMEs are following principle 1 of NGRBC which means that they are conducted and govern the business with integrity and in a manner that is ethical, transparent, and accountable. Out of the five SMEs, only two SMEs are complying with principle 2 means they are trying to provide goods and services in a manner that is sustainable and safe. From the results of P3, it is shown that all the above sample SMEs are providing more attention to their employees. They promote the well-being of employees who are in their value chain since strong human resources built strong leadership. The

results of P4 indicate that Except A 1 Acid Ltd, the remaining SMEs are trying to respect and being responsible to all their stakeholders. As per the findings of P5, only three sample SMEs are giving attention to human rights practices, which are very significant in business operations. The above table shows that three sample SMEs are trying and forwarding their steps towards environmental awareness because of the competitive advantages they can obtain by doing so. All the above SMEs are complying with the regulatory policy responsibly and transparently. However, only two SMEs belonging to the commodity trading & distribution sector are giving more attention to their customers and provide value to their customers in a responsible manner.

Table 2: Compliance of NGRBC Principles by Textile Sector of Indian BSE SMEs for the Study Period 2018-19

Principles	Titaanium Ten Ltd	Angel Fibers Ltd	AKM Lace and Embrotex Ltd	Akshar Spintex Ltd	Junction Fabrics and Apparels Ltd
P1	√	√	√	√	√
P2	√	√	√	√	√
P3	√	√	√	√	√
P4	√	√	√	√	√
P5	√	X	√	√	√
P6	√	√	√	√	√
P7	√	√	X	√	√
P8	√	√	X	√	X
P9	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: From the above table it is clear that sample SMEs are conducting and governing their business with integrity that is ethical, transparent, and accountable. The entire textile sample SMEs are providing goods more sustainably and safely which is represented in P2. They are endeavouring to produce goods efficiently. P3 is indicating that all the above sample SMEs are giving more attention to the employees which indicates that they are committed to providing a safe workplace for workers. P4 is explaining that all the sample SMEs are considering the interest and responsibility to all their stakeholders. Out of the five SMEs,

four SMEs are giving importance to human rights. P6 indicates that all sample textile SMEs are endeavouring to protect and restore the environment through their business activity. Except for AKM lace and embryotic Ltd, the remaining four SMEs are influencing public and regulatory policy responsibly and transparently. Out of the five three SMEs have initiated their steps towards inclusive growth and equitable development. Empirical results also indicate that the select textile sector SMEs are also providing value to their customer in a responsible manner. Therefore, the overall sample SMEs from Textile industries are trying to maintain NGRBC guidelines.

Table 3: Compliance of NGRBC Principles by Realty Sector of Indian BSE SMEs for the Study Period 2018-19

Principles	Ratnabhumi Developer Ltd	Shree Krishna Infrastructure Ltd	Jet Infraventure Ltd	Devoted Construction Ltd	Manas Properties Ltd
P1	√	√	√	√	√
P2	√	√	X	√	√
P3	√	√	√	√	√
P4	√	√	X	√	√
P5	X	√	X	X	X
P6	√	√	√	√	X
P7	√	√	X	X	X
P8	√	√	√	X	√
P9	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: Table 3 is presenting the compliance of NGRBC guidelines of Realty sector SMEs. From the table, it is seen that the entire sample SMEs are conducting and governing business with integrity and also with ethical, transparent, and accountable manner. Except for Jet Infraventure, the other four sample SMEs are following guidelines P2 for providing goods & services which are sustainable and safe as far as possible. That means they are using the resources in an efficient way that minimizes the negative impact on the environment. The results of P3 show that all the above SMEs are promoting the well-being of their employees. In their annual reports, they are disclosing number of complaint files and out of which how many they have tried to solve it. We found that all sample

SMEs except Devoted Construction Ltd are paying respect to the interest of stakeholders in a responsible manner. On the other hand, in the realty sector, SMEs Principle 5 is not following properly, only Shree Krishna infrastructure Ltd is maintaining the human right practices in its business. The empirical results of P6 show that except Manas properties Ltd, all sample SMEs are very much conscious and trying to protect the environment from their business activities. However, the results of P7 show that only two SMEs are responsible and transparent towards the regulatory policy. Sample realty sector SMEs follow inclusive growth and equitable development since four sample SMEs of the study follow inclusive growth and equitable development through implementing CSR programs. Sample SMEs are also providing value to their customers in a responsible manner which is indicated in P9.

Table 4: Compliance of NGRBC Principles by Apparels & Accessories Sector of Indian BSE SMEs for the Study Period 2018-19

Principles	Sky Gold Ltd	Jinaam Dress Ltd	Sagar Diamond Ltd	Patdiam Jewellery Ltd	Active Clothing Co. Ltd
P1	√	√	√	√	√
P2	X	√	√	√	√
P3	√	√	√	√	√
P4	X	√	X	X	X
P5	X	X	X	√	X
P6	X	√	√	X	√
P7	X	√	X	X	X
P8	X	√	√	X	√
P9	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: The empirical results of P1 from Table 4 indicate that sample SMEs of the Apparel and Accessories sector are trying to maintain integrity as far as possible and also maintaining ethical, transparent, and accountability practices. We also found that except Sky gold Ltd, the

remaining sample SMEs are following P2 guidelines for providing sustainable and safe goods and services. All the above SMEs are also responsible to their employees which are represented as P3. But on the other side, only Jinaam dress Ltd is giving priority to the interest of stakeholders, and Only Patdiam Jewellery Ltd maintaining human rights practices in its business. As per results P6, three out of five SMEs

are protecting and restoring the environment by adopting innovative, resource-efficient, and low carbon technology practices. Policy advocacy compliance is also low since only one SME is complying with principle 7. Only three

sample SMEs are following inclusive growth and equitable development practices. P9 represents whether the business provides value to its customer in a responsible manner all sample SMEs are addressing this issue successfully.

Table 5: Compliance of NGRBC Principles by Construction&Engineering Sector of Indian BSE SMEs for the Study Period 2018-19

Principles	B.C.P L Railway Infrastructure Ltd	Dhruv Consultancy Service Ltd	Innovator Façade System Ltd	Shashijit Infraprojects Ltd	Shreeshy Engineering Ltd
P1	√	√	√	√	√
P2	√	√	√	√	√
P3	√	√	√	√	√
P4	√	√	X	√	X
P5	√	√	X	X	X
P6	√	√	X	X	√
P7	X	√	X	X	X
P8	√	√	√	X	X
P9	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: After studying the above table (Table 5) it is found that the sample construction and Engineering SMEs are following principles 1, 2, and 3 of NGRBC guidelines. P1 represents that it is endeavoured to maintain ethical, transparency, and accountability practices in its business. P2 represents goods and services which are sustainable and safe and P3 speaks for employee respect and well-being. All the above SMEs are taking a smart move to provide goods sustainably and safely and employee well-being are also followed. 3 out of 5 SMEs are responsible to their stakeholders which are represented as through P4 and only 2 SMEs are reporting human right practices in their business operations which is indicated in P5. Except innovator faced system Ltd and Shashijitinfraproject Ltd, the remaining SMEs are showing their consciousness towards the environment which is reflected in P6. However, regulatory compliance is low which is indicated as P7, only one SME is complying with this issue. The first three SMEs are working towards inclusive growth and equitable development as indicated in P8. All the above SMEs are to providing value to their customers in a responsible manner.

From the above discussion, it is clear that Indian SMEs are complying National Guidelines on Responsible Business

Conduct issued by the Ministry of Company Affairs, Government of India. However, out of nine principles, Principle 1, Principle 3 and Principle 9 are mostly followed principles. That means, SMEs are conducting their business with integrity and in a manner that is ethical, transparent and accountable, they are also paying respect and promoting the well-being of employees and also paying value to their customer in a responsible manner. In the next section, we are examining the compliance of sustainability standard issued by the Sustainability Accounting Standards Board.

COMPLIANCE OF SUSTAINABILITY STANDARD ISSUED BY THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD

In this section, we have examined to what extent the selected SMEs comply with standards prescribed by SASB in their sustainable reporting practices. We have examined the compliances with the help of content analysis. For the analysis, relevant information is collected from the public disclosures of the selected SMEs.

Table 6: Compliance of Sustainability Standard by Commodity Trading & Distribution sector of Indian BSE SMEs for the Study Period 2018-19

Disclosure topics	A 1 Acid Ltd.	Sirohia& sons Ltd	Trident Texofab Ltd	Aditya vision Ltd	Hardwyn India Ltd
Energy Management in Retail & Distribution	√	√	√	√	√
Data Security	X	X	√	X	√
Labor Practices	X	X	X	X	X
Workforce Diversity & Inclusion	X	X	X	X	X
Product Sourcing, Packaging & Marketing	X	X	X	√	√

Data source: Authors own compliance and content analysis

Interpretation: From the above table we observed that the respective SMEs are concerning energy conservation. It is also found that Trident Texofab Ltd & Hardwyn India Ltd have disclosed some information about data safety whereas the other SMEs are not adopted the standard 2.

It is also noticed that none of the selected SMEs complies with the standard 3 and 4. Aditya vision Ltd & Hardwyn India Ltd have disclosed information about Product Sourcing, Packaging & Marketing whereas the other selected SMEs are not adopting the standard 5 in their reporting practices.

Table 7: Compliance of Sustainability Standard by Textile sector of Indian BSE SMEs for the study period 2018-19.

Disclosure topics	Titaanium Ten Ltd	Angel Fibers Ltd	AKM Lace and Embrotex Ltd	AksharSpintex Ltd	Junction Febrics and Apparels Ltd
Water Management	X	X	X	X	X
Product Environmental, Health, and Safety Performance	√	√	√	√	√
Packaging Lifecycle Management	X	X	X	X	√
Environmental & Social Impacts of Palm Oil Supply Chain	X	X	X	X	X

Data source: Authors own compliance and content analysis

Interpretation: After examining the Annual reports and other disclosures of the respective SMEs and observing the above table we have found that out of the selected SMEs no one follow the standard 1 i.e. Water Management. This sector also ignores the standard 5 i.e. Environmental & Social Impacts of Palm Oil Supply Chain of the standard which is very much essential. The selected textile sample

SMEs are following topic 2 i.e. Product Environmental, Health, and Safety Performance. They are endeavouring to produce goods efficiently. P3 is indicating that all the above sample SMEs are giving more attention to the employee. They have to provide an environmentally safe workplace. No one except Junction Fabrics and Apparels Ltd complies with the Packaging Lifecycle Management topic.

Table 8: Compliance of Sustainability Standard by Realty sector of Indian BSE SMEs for the study period 2018-19.

Disclosure topics	Ratnabhumi Developer Ltd	Shree Krishna Infrastructure Ltd	Jet Infraventure Ltd	Devoted Construction Ltd	Manas Properties Ltd
Energy Management	√	√	√	√	
Water Management	X	X	X	X	X
Management of Tenant Sustainability Impacts	X	X	X	X	X
Climate Change Adaptation	X	X	X	X	X

Data source: Authors own compliance and content analysis

Interpretation: Table 8 is reflecting the compliance of Industry-specific standards exclusively prescribed by the SUSTAINABILITY ACCOUNTING STANDARD BOARD (SASB) by selected SMEs of the Realty sector.

The select sample SMEs welcome Standard 1 i.e. Energy Management in its reporting. The above sample SMEs are not disclosed about water management. All the above SMEs are heading about the well-being of all employees. The sample SMEs ensure a human workplace free from

violence and harassment. The selected SMEs of the Realty sector do not follow the standard 3 i.e. Management of Tenant Sustainability Impacts. This sector also avoided

the risk associated with climate change. This sector does not follow standard topic 4 which deals with Climate Change.

Table 9: Compliance of Sustainability Standard by Apparels & Accessories Sector of Indian BSE SMEs for the Study Period 2018-19

Disclosure topics	Sky Gold Ltd	Jinaam Dress Ltd	Sagar Diamond Ltd	Patdiam Jewellery Ltd	Active Clothing Co. Ltd
Management of Chemicals in Products	X	X	X	X	X
Environmental Impacts in the Supply Chain	√	√	X	X	√
Labor Conditions in the Supply Chain	X	√	X	√	X
Raw Materials Sourcing	X	√	X	√	√

Data source: Authors own compliance and content analysis

Interpretation: After content analysis observing of respective SMEs reports and website, we have found that the SMEs are not thinking about Management of Chemicals while they are manufacturing Products. We also found that Jinaam dress Ltd, Sky gold Ltd, and Active clothing co. Ltd is following the Environmental Impacts in the Supply Chain standard whereas, Sagar diamond Ltd & Patdiam Jewellery Ltd are not

following the same standard. Jinaam dress Ltd and Patdiam Jewellery Ltd are responding about Labour Conditions in the Supply Chain standard in their report but at the same time Sky gold Ltd, Sagar diamond Ltd & Active clothing co. Ltd is not following. Jinaam dress Ltd, Patdiam Jewellery Ltd & Active clothing co. Ltd is disclosing information about the sourcing of raw materials while Sky gold Ltd & Sagar diamond Ltd are not complying.

Table 10: Compliance of Sustainability Standard by Construction & Engineering Sector of Indian BSE SMEs for the Study Period 2018-19

Disclosure Topics	B.C.P L Railway Infrastructure Ltd	Dhruv Consultancy Service Ltd	Innovator Façade System Ltd	Shashijit Infraprojects Ltd	Shreeshy Engineering Ltd
Environmental Impacts of Project Development	X	X	X	X	X
Structural Integrity & Safety	X	X	X	X	X
Workforce Health & Safety	√	√	√	√	√
Lifecycle Impacts of Buildings & Infrastructure	X	X	X	X	X
Climate Impacts of Business Mix	X	X	X	X	X
Business Ethics	√	√	√	√	√

Data source: Authors own compliance and content analysis

Interpretation: Table 10 is explaining the compliances by construction & engineering sector. From the above table, it is clear that the select SMEs from the Constriction and Engineering sector are not welcoming environmental Impacts of Project Development standard in its report and it is also noticed that the selected SMEs are not disclosing information about the structural Integrity & Safety but at the same time it is also found that they are concentrating more on Workforce Health & Safety standard. Business ethics practices information's are also found in its reporting but on the other hand, they are not much conscious about climate impact disclosure.

DISCUSSION AND CONCLUSION

In the knowledge economy coupled with financial meltdowns and stock market crises, it is increasingly felt that traditional reporting cannot fulfil the needs for quality information of the stakeholders. Besides the annual report, an additional report like a sustainability report can bridge this information gap by disclosing comprehensive social, environmental and economic information. In practice disclosure of additional non-financial information is mainly found in large companies (Tutterow, 2014) for improving image, brand reputation, core competency, and also financial performance (Herzig & Schaltegger, 2011). Presently, due to increasing awareness about climate change and environmental issues, stakeholders

of SMEs are also expecting disclosure of their contribution towards the society for sustainability (Laplume et al., 2008). A large number of researches indicate that sustainability reporting is commonly practised by big organizations of developed and developing countries to inform about their social and environmental performance (Fifka 2012, Roca & Searcy, 2012 & Marinmon et al., 2012). There is also limited research available on sustainability reporting practices of Indian SMEs and these studies are conducted following GRI and other guidelines. No studies are conducted to examine the sustainability reporting of Indian SMEs following national guidelines (NGRBC) issued by the Government of India and the sustainability standards issued by SASB. In the present pilot study, the sustainability reporting practices of 25 selected SMEs from the five sectors of the Indian economy are examined following NGRBC principles and sustainability standards issued by SASB.

After examining the reporting practices of SMEs based on NGRBC principles, we found that Out of the total 25 samples, all SMEs are trying to conduct business in an ethical, transparent, and accountable manner. If we consider principle 2, we found that 20 out of 25 sample SMEs are giving their attention to sustainable goods. In India, SMEs contribute a significant role in employment generation. If we look at principle 4, 17 out of 25 sample SMEs are showing their responsibility towards stakeholders. Human right is one of the core issues of sustainability practices in business. Only 11 SMEs out of 25 have disclosed human rights practices in their reports. Total of 18 SMEs have tried to make an eco-friendly environment and reducing the negative impact of business activity. Only 13 sample SMEs are adopting the public and regulatory policy responsibly and transparently. Out of 25, 15 SMEs are forwarding their steps towards inclusive growth and equitable development, which also indicates a positive sign for SMEs in near future. The selected sample SMEs are customer-focused. They are continuously working on the feedback of reliable and loyal customers and also provide appropriate grievance redressal mechanism.

When we examine SMEs reporting practices from the perspective of disclosure guidelines prescribed by SASB, it is observed that SMEs are very much conscious about energy management, workforce health & safety, and ethical practice which has been reflected in SMEs reporting. But they have left behind to disclose some critical issues like climate change disclosure, data security, water management, and workforce diversity & inclusion. The selected SMEs are trying to provide some non-financial social and environmental information in their main-stream reporting but the quality of the information is not as per standards.

The Ministry of Corporate Affairs, Government of India, released a set of guidelines in 2011 on the social,

environmental, and economic responsibilities of business to guide responsible business conduct. These guidelines are prepared to align the Sustainable Development Goals and other international guidelines, to make Indian companies more socially responsible and to enhance their sustainability. The present study is undertaken to examine to what extent these sustainability guidelines, national and international, are followed by the Indian SMEs. The overall sustainability reporting practices of sample SMEs are moderate and despite having non-mandatory of sustainability reporting for Indian SMEs, they are gradually realizing the importance of sustainability and have initiated a smart move towards sustainability reporting which indicates a positive sign for the Indian economy as well as for the future SMEs. Since finance is the main hurdle for Indian SMEs to maintain sustainability. To scale up SMEs finance is very much essential. Scarcity of finance problem can be resolve by disclosing more and more material non-financial information's which enhance investor confidence and they can easily increase their capital base. If they have a strong capital base, they can increase the volume of production and they can invest in up to date technology, the high volume of production leads to lower cost of production and lower cost of production leads to higher sales and higher sales leads to higher profit and ultimately increase firm value and will create a unique position among SMEs. By investing in updated technology SMEs can enhance the skill of its employee and it will be helpful to adopt digital practices in their business.

LIMITATIONS OF THE STUDY

There are some limitations to the study. The small sample size is taken into consideration which is only 25 belong to 5 sectors. Another limitation is only one year SMEs annual report has been examined for analysis. Statistical tools have not been used in the study. Before generalization of the study results cautions should be taken about the sample size and period of study. Despite these limitations present study is the first study that empirically examines the extent of sustainability reporting by the Indian SMEs voluntarily following national and international guidelines.

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