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A CONCEPTUAL FRAMEWORK FOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) DISCLOSURES AMONG SMES IN MALAYSIA

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Abstract: *Small and medium enterprises (SMEs) play a vital role in the Malaysian economy, accounting for 97.4% of total business establishments and contributing 38.4% to the GDP in 2022. However, SMEs in Malaysia generally lag behind larger firms in adopting sustainability practices and making related disclosures on environmental, social, and governance (ESG) issues. Improving ESG disclosures can help SMEs enhance transparency, attract investors, access new markets, and strengthen their risk management. This study reviews the current status of ESG disclosure practices among Malaysian SMEs. They find that ESG disclosure is still at an early stage, with low awareness and adoption levels compared to larger companies. Key barriers include a lack of resources, expertise, and incentives for SMEs to prioritize sustainability reporting. To address this gap, this study proposes a conceptual framework to drive greater ESG disclosure by SMEs in Malaysia. The conceptual model provides a foundation for studying the factors that influence SMEs' willingness and capacity to enhance ESG disclosure. Empirical*

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testing of this framework can yield valuable insights to help policymakers, regulators, and SME stakeholders develop targeted initiatives to accelerate sustainability reporting in this critical business sector.

Keywords*: ESG disclosure, sustainability, ESG reporting, SMEs Malaysia*

Introduction

In recent decades, sustainability and responsible business practices have become increasingly important global issues. Companies face growing pressure from stakeholders such as investors, customers, regulators, and society at large to improve their environmental, social, and governance (ESG) performance and disclosure. ESG disclosure refers to companies' reporting of their ESG policies, practices, targets, and performance metrics. It covers areas such as the environmental footprint, labour practices, human rights, anti-corruption efforts, board diversity, and executive compensation (Krawczyk, 2021; Krishnan, Rani, & Shinozaki, 2024; Rahman, Yaacob, & Radzi, 2016; Setyaningsih, Widjojo, & Kelle, 2024). Improved ESG disclosures can strengthen risk management, appeal to ethical investors, enhance brand reputation, and identify operational efficiency opportunities (Del Gesso & Lodhi, 2024; Mohammad & Wasiuzzaman, 2021; Shalhoob & Hussainey, 2022).

Malaysia's economy, characterized by its vibrant Small and Medium-sized Enterprises (SMEs) sector, which constitutes a substantial portion of the nation's business fabric, is at a crossroads. Malaysian SMEs play a crucial role in economic growth, employment, and innovation (Abdul-Rashid, Sakundarini, Ghazilla, & Thurasamy, 2017; Krishnan et al., 2024). However, as the global business environment evolves with a stronger emphasis on sustainability and ethical practices, these businesses face the challenge of adapting to new expectations without compromising their competitiveness (Rahman et al., 2016; Shoaib, Nawal, Zámečník, Korsakienė, & Rehman, 2022; Yadegaridehkordi, Foroughi, Iranmanesh, Nilashi, & Ghobakhloo, 2023). The advent of ESG disclosures presents both an opportunity and challenge for Malaysian SMEs, urging them to rethink their operations and reporting practices in the context of sustainability.

While ESG disclosure is still an emerging global practice, large multinational corporations have made significant strides in adopting comprehensive sustainability reporting frameworks such as the Global Reporting Initiative (GRI) standards (Krawczyk, 2021; Mohammad & Wasiuzzaman, 2021; Setyaningsih et al., 2024). However, ESG disclosure remains at a nascent stage among small and medium enterprises (SMEs) in both developed and developing countries (Krawczyk, 2021; Setyaningsih et al., 2024; Shalhoob & Hussainey, 2022). In Malaysia, SMEs are defined based on annual sales turnover less than RM25 million and the number of full-time employees less than 150 (SME Corp. Malaysia, 2020). These criteria differentiate SMEs from larger corporations by encapsulating a wide range of businesses in various sectors. As the backbone of the Malaysian economy, SMEs account for a significant portion of the nation's GDP, employment, and number of businesses (Yadegaridehkordi et al., 2023). This vital sector is recognized for its agility, innovation, and pivotal role in driving economic growth, making its adaptation to sustainable practices critical for national development. In Malaysia, SMEs make up 97.4% of total business establishments and contribute over 38.4% of GDP, making them the backbone of the economy (Krishnan et al., 2024). However, most Malaysian SMEs currently lack the awareness, expertise, and resources to prioritize ESG issues and produce meaningful sustainability disclosures (Rahman et al., 2016; Salin, Shamsudin, Omar, & Raman, 2023). This

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represents a missed opportunity, as SMEs collectively have major environmental and social impacts. Improved ESG practices and transparency can benefit SMEs through increased access to markets, investment, efficiency, and risk mitigation.

This study examines the current state of ESG disclosure among Malaysian SMEs and the key barriers and drivers that influence disclosure. The integration of ESG principles into SMEs is not merely a trend, but a strategic imperative that aligns with global standards and local demands for sustainable development (Krawczyk, 2021; Securities Commission Malaysia (SC), 2023; Setyaningsih et al., 2024; Shalhoob & Hussainey, 2022). The objective of the conceptual framework for ESG disclosures among SMEs in Malaysia is to provide a structured approach for integrating ESG principles into business operations and reporting. This framework aims to guide SMEs through the complexities of ESG disclosures, offering clear guidelines and practical steps for their effective implementation. By adopting this framework, Malaysian SMEs can not only comply with evolving regulatory requirements, but also position themselves as leaders in sustainability and corporate responsibility. These findings can guide policies and initiatives to accelerate sustainability reporting in this critical business sector.

Problem Statement

While the importance of ESG disclosure is widely recognized for large publicly listed companies, it remains an underexplored area for small and medium-sized enterprises (SMEs). Several issues highlight the need to better understand and promote ESG disclosure practices among SMEs, particularly in developing countries, such as Malaysia (Salin et al., 2023; Setyaningsih et al., 2024). Corporate ESG disclosures have seen significant growth over the past two decades, driven by factors such as stakeholder pressure, regulatory requirements, and recognition of the financial relevance of environmental, social, and governance issues (Krishnan et al., 2024; Rahman et al., 2016; Salin et al., 2023; Shalhoob & Hussainey, 2022). Public listing, larger firm size, and operations in environmentally sensitive industries tend to be associated with more extensive ESG reporting practices (Mohammad & Wasiuzzaman, 2021; Shoaib et al., 2022). While initial motivations are often driven by compliance and reputation management, an increasing number of companies view sustainability reporting as a means of improving operational efficiency, managing risks, attracting ethical investors, and enhancing stakeholder engagement (Krawczyk, 2021; Le & Ikram, 2022; Setyaningsih et al., 2024). A positive relationship has been found between ESG disclosure levels and higher competitive advantage in emerging markets (Mohammad & Wasiuzzaman, 2021; Shalhoob & Hussainey, 2022).

However, SMEs face unique barriers in adopting comprehensive ESG disclosure compared with their larger counterparts. Key challenges include lack of resources, sustainability expertise, management awareness, and short-term-oriented business mindsets (Salin et al., 2023; Setyaningsih et al., 2024). SMEs often deprioritize sustainability efforts because of pressing operational concerns and cost pressures. The complexity and presentation style of mainstream ESG reporting frameworks, such as GRI, are seen as intimidating and ill-suited to SMEs' needs (Krawczyk, 2021; Shalhoob & Hussainey, 2022). Gaps also exist in SME-tailored training, tools, and implementation guidance for first-time sustainability reporters (Setyaningsih et al., 2024; Shoaib et al., 2022). SMEs may opt for more ad hoc qualitative sustainability communication over disclosure of quantitative performance metrics.

In Malaysia, policy efforts to drive more comprehensive corporate ESG disclosures have predominantly focused on larger, publicly listed companies. The revised Malaysian Code on Corporate Governance in 2017 mandated listed issuers to report their management of material,

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economic, environmental, and social risks and opportunities (Securities Commission Malaysia (SC), 2023). However, ESG disclosures remain largely voluntary for unlisted SMEs. Salin et al. (2023) found that Malaysian SMEs produce less of sustainability reporting. Common barriers cited included lack of regulatory pressure, limited financial and technical capacity, and perception of ESG disclosure as non-essential (Salin et al., 2023).

To address this gap, the Securities Commission Malaysia recently released the Simplified ESG Disclosure Guide (SEDG) for SMEs in Supply Chains in year 2023. It provides a simplified ESG disclosure framework tailored for SME adoption, based on prioritized sector-specific sustainability matters and performance metrics (Securities Commission Malaysia (SC), 2023). Furthermore, research examining the determinants and impacts of ESG disclosure practices has predominantly focused on large companies, particularly those in developed markets. There remains a paucity of studies specifically investigating the motivations, challenges and firm performance implications of sustainability reporting for SMEs in emerging economies like Malaysia (Mohammad & Wasiuzzaman, 2021; Salin et al., 2023). This lack of targeted research impedes the efforts of policymakers, regulators, and industry groups to formulate effective strategies and support mechanisms to drive more comprehensive ESG disclosures among SMEs (Abdul-Rashid et al., 2017; Mohammad & Wasiuzzaman, 2021; Shalhoob & Hussainey, 2022). A holistic, contextualized understanding is needed of the various technological, organizational, environmental, and managerial factors influencing sustainability reporting in this critical business sector. To fill this knowledge gap, this study proposes a conceptual framework integrating key variables expected to influence the adoption and extent of ESG disclosure among Malaysian SMEs

Literature Review

Two central theoretical perspectives offer valuable lenses for understanding the drivers and motivations behind ESG disclosure practices among SMEs - Institutional Theory and Stakeholder Theory.

Institutional Theory examines how external institutional pressures shape organizational behaviour and practices. It posits that firms adopt specific structures and processes, such as ESG disclosure, to gain legitimacy and conform to established norms, rules, and expectations within their broader societal and regulatory environment (Del Gesso & Lodhi, 2024; Yadegaridehkordi et al., 2023). From this perspective, coercive pressures from government regulations, mimetic pressures to emulate industry leaders, and normative pressures from sustainability standards influence SMEs' propensity to embrace ESG reporting. Institutional Theory aligns with the role of regulatory pressures highlighted in this study's framework as a key driver compelling SMEs towards sustainability disclosure. It also helps explain how market pressures from stakeholders, such as customers, investors, and business partners, create normative expectations that SMEs must adhere to through transparent ESG practices (Yadegaridehkordi et al., 2023). Moreover, Institutional Theory offers insights into why SMEs may pursue ESG disclosure not just for compliance but also to garner legitimacy, enhance reputation, and realize competitive advantages that improve firm performance (Del Gesso & Lodhi, 2024).

The stakeholder Theory emphasizes the complex web of relationships a firm must actively manage with its diverse stakeholders, including customers, investors, employees, communities, and regulators (Le & Ikram, 2022; Shalhoob & Hussainey, 2022; Yadegaridehkordi et al., 2023). It posits that companies are driven to address stakeholders' evolving sustainability demands and expectations through ESG disclosure as a means of maintaining positive stakeholder

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relationships that are critical to organizational success. From this perspective, ESG reporting transcends the compliance exercise, emerging as a strategic tool for differentiation, building trust, and accountability with stakeholders (Krawczyk, 2021; Le & Ikram, 2022). The stakeholder Theory underscores the important role of top management commitment in proactively embracing sustainability beyond externally imposed requirements (Shalhoob & Hussainey, 2022; Yadegaridehkordi et al., 2023). This suggests that internal leadership priorities, environmental values, and perceived strategic value are key determinants of the extent and quality of ESG disclosure.

This combined theoretical lens elucidates the multifaceted forces shaping SME sustainability reporting. ESG disclosure is influenced by external regulatory and stakeholder pressures as well as by internal capabilities, leadership mindsets, and strategic motivations such as performance improvement. The literature examines the nuances of specific drivers such as regulations, market forces, managerial commitment, reporting capacity, and perceived benefits in this context.

Regulatory Pressures

Government regulations and policy initiatives have proven to be potent drivers for accelerating corporate Environmental, Social, and Governance (ESG) disclosure and performance, particularly in emerging markets (Mohammad & Wasiuzzaman, 2021). Mandatory sustainability reporting requirements, coupled with robust monitoring, enforcement mechanisms, and comprehensive guidance frameworks, can elevate the baseline for transparency and accountability in ESG reporting (Securities Commission Malaysia (SC), 2023; Shalhoob & Hussainey, 2022). However, overly prescriptive regulatory approaches are perceived as burdensome compliance exercises rather than value-added endeavours that foster organizational growth and societal well-being (Shoaib et al., 2022; Khamisu, Paluri & Sanwaney, 2023).

To counterbalance this perception and incentivize voluntary adoption, market-based initiatives, such as preferential financing opportunities, tax rebates, government procurement criteria that prioritize sustainable practices, and award-rating schemes recognizing corporate ESG performance, have proven effective in catalysing voluntary ESG disclosure by rendering it economically compelling for businesses (Del Gesso & Lodhi, 2024; Setyaningsih et al., 2024). Specifically, for SMEs, the provision of simplified reporting frameworks tailored to their operational contexts, coupled with capacity-building support from regulators through training programs and technical assistance, can facilitate the widespread adoption of ESG disclosure practices within this crucial segment (Shalhoob & Hussainey, 2022).

This variable encapsulates the influence of government regulations, policies, and initiatives aimed at promoting and institutionalizing ESG reporting practices among SMEs. It encompasses a wide array of measures including mandatory disclosure requirements, economic incentives, industry-specific guidelines, and awareness campaigns, all of which can collectively compel and encourage greater transparency and accountability in ESG disclosures within the SME sector (Deng, Zhang & Guo, 2023).

Market Pressures

Market pressures encompass the external demands and expectations from a diverse array of stakeholders, including investors, consumers, regulatory bodies, and other entities, for companies to adopt and disclose their Environmental, Social, and Governance (ESG) practices (Krawczyk, 2021). The extant literature suggests that these market pressures can exert a significant influence on the extent and quality of ESG disclosures among Small and Medium-sized Enterprises

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(SMEs). In Malaysia, where sustainability reporting is becoming increasingly crucial, SMEs face mounting pressure to conform to international standards and expectations related to ESG disclosure and transparency (Shoaib et al., 2022).

Pressures emanating from various stakeholder groups such as customers, investors, business partners, and industry associations are increasingly shaping corporate ESG transparency and accountability (Krawczyk, 2021; Mohammad & Wasiuzzaman, 2021; Yadegaridehkordi et al., 2023). Sustainable procurement policies, investment screening criteria that prioritize ESG performance, and industry-wide sustainability codes of conduct act as potent external drivers, particularly for export-oriented SMEs, whose business operations and success are inextricably linked to global markets and value chains (Setyaningsih et al., 2024; Yadegaridehkordi et al., 2023). Furthermore, SMEs that are closely integrated into the supply chains of multinational corporations often face direct sustainability disclosure requirements from their larger counterparts as these corporations seek to ensure compliance and alignment with their own ESG goals and standards throughout their supplier networks (Shalhoob & Hussainey, 2022).

Compounding these pressures is the reality that a lack of comprehensive and transparent ESG data can disadvantage SMEs in their efforts to attract ethical investors and younger, socially conscious consumers, who are increasingly factoring sustainability considerations in their investment and purchasing decisions (Krawczyk, 2021; Yadegaridehkordi et al., 2023). Conversely, for SMEs that position themselves as first movers in the realm of ESG reporting, there exists an opportunity to leverage their proactive stance as a means of market differentiation, potentially conferring a competitive advantage over their peers (Abdul-Rashid et al., 2017; Le & Ikram, 2022; Mohammad & Wasiuzzaman, 2021).

This variable examines the pressures exerted by various stakeholder groups such as customers, investors, business partners, and industry associations, which may drive SMEs to enhance their ESG disclosures. It encompasses aspects such as sustainability criteria embedded within procurement policies, investor due diligence processes that scrutinize ESG performance, industry-specific codes of conduct that mandate transparency, and potential opportunities for market differentiation that may arise from being an early adopter of comprehensive ESG reporting practices.

Top Management Commitment

Top management commitment is critical to the integration and disclosure of ESG practices. The literature emphasizes that the attitudes and involvement of top management play a pivotal role in prioritizing ESG issues within organizational strategies and operations. Studies emphasize that top management's commitment is essential for allocating the necessary resources and embedding sustainability into corporate culture (Yadegaridehkordi et al., 2023).

For SMEs with lean, centralized management structures, senior leader mindsets, commitment, and involvement in sustainability agendas are critical enablers of ESG disclosure and implementation (Shalhoob & Hussainey, 2022). Factors such as personal environmental values, perceived strategic importance, and resource prioritization by top managers strongly influence sustainability reporting practices (Shoaib et al., 2022). Top management championing can counterbalance the resource constraints and inertia faced by SMEs regarding ESG issues. Their ability to demonstrate a business case also impacts employee buy-in and sustained disclosure (Setyaningsih et al., 2024). Committed leadership correlates with more extensive, higher-quality ESG disclosures through a compliance-driven approach (Yadegaridehkordi et al., 2023).

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Building on the decision-maker context, this variable specifically examines the level of leadership awareness, prioritization, and resource allocation towards ESG issues and reporting within the SME's top management team or ownership.

ESG Reporting Capacity

ESG reporting capacity refers to an organization's ability to gather, manage, and report Environmental, Social, and Governance (ESG) data effectively. This variable focuses on the internal technological capabilities, data management systems, and processes that Small and Medium-sized Enterprises (SMEs) have in place to effectively identify, measure, manage, and communicate their ESG performance information for external disclosure purposes (Securities Commission Malaysia (SC), 2023; Setyaningsih et al., 2024). The extant literature highlights that, for SMEs, especially those operating in emerging markets such as Malaysia, challenges such as limited resources and a lack of specialized expertise can hinder the development of comprehensive ESG reporting mechanisms (Shoaib et al., 2022).

Robust internal data collection systems, dedicated sustainability roles teams, skilled personnel with relevant domain knowledge, and standardized processes for data collection and analysis represent key capabilities that are essential for producing high-quality ESG disclosures (Setyaningsih et al., 2024). SMEs that lack functional units, methodologies, training programs, and tools specifically designed to monitor and manage sustainability performance often face significant challenges in generating reliable, consistent, and credible ESG disclosures that meet stakeholders' expectations (Salin et al., 2023). Moreover, effective ESG disclosure requires a deep understanding of material ESG topics, relevant performance indicators, and reporting frameworks tailored to the specific contexts and operational realities of SMEs (Krishnan et al., 2024; Setyaningsih et al., 2024).

To address these challenges, SMEs can leverage collaborations with industry associations and external experts who can provide valuable guidance, training, and support in building the necessary capacity for comprehensive ESG reporting. Such collaborations can not only enhance SMEs' understanding of the reporting process but also help reduce the perceived complexity and barriers associated with ESG disclosure (Setyaningsih et al., 2024). By forging strategic partnerships with knowledgeable organizations and individuals, SMEs can access the resources and expertise required to streamline their ESG data collection, management, and reporting processes, ultimately enhancing the quality and credibility of their disclosure.

Perceived Benefits

Perceived benefits of ESG disclosures refer to the advantages that SMEs in Malaysia anticipate or experience by reporting on their environmental, social, and governance practices. The literature indicates that these benefits often include an enhanced reputation, better stakeholder relationships, improved access to capital, and competitive advantage. For example, studies have shown that transparent ESG reporting can increase trust among consumers and investors, leading to a positive impact on a company's bottom line (Krawczyk, 2021; Mohammad & Wasiuzzaman, 2021; Yadegaridehkordi et al., 2023).

While resource constraints are a barrier, SMEs may be motivated to undertake ESG disclosure if they perceive clear benefits outweighing costs. Potential benefits, such as cost savings from eco-efficiencies, preferential financing, new market access, investment attraction, talent recruitment, and brand enhancement can drive disclosure (Salin et al., 2023; Shalhoob & Hussainey, 2022). However, perceptions of ESG reporting as a non-strategic compliance exercise limit its adoption

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by SMEs (Krawczyk, 2021; Setyaningsih et al., 2024). SMEs must understand strategic value in which managing risks, improving processes, and stakeholder relationships to prioritize disclosure beyond minimum requirements (Le & Ikram, 2022; Shalhoob & Hussainey, 2022). Demonstrated business case examples are valuable for shifting mind-sets. This variable assesses SME managers' perceptions of the potential benefits associated with ESG disclosure, such as operational cost savings, risk mitigation, improved market access, investor relations, talent attraction, and brand reputation enhancement.

Conceptual Frameworks

Building on insights from the literature review, this study proposes a conceptual framework to examine the key factors expected to influence the adoption and extent of ESG disclosures among Malaysian SMEs. The framework integrates the following variables.

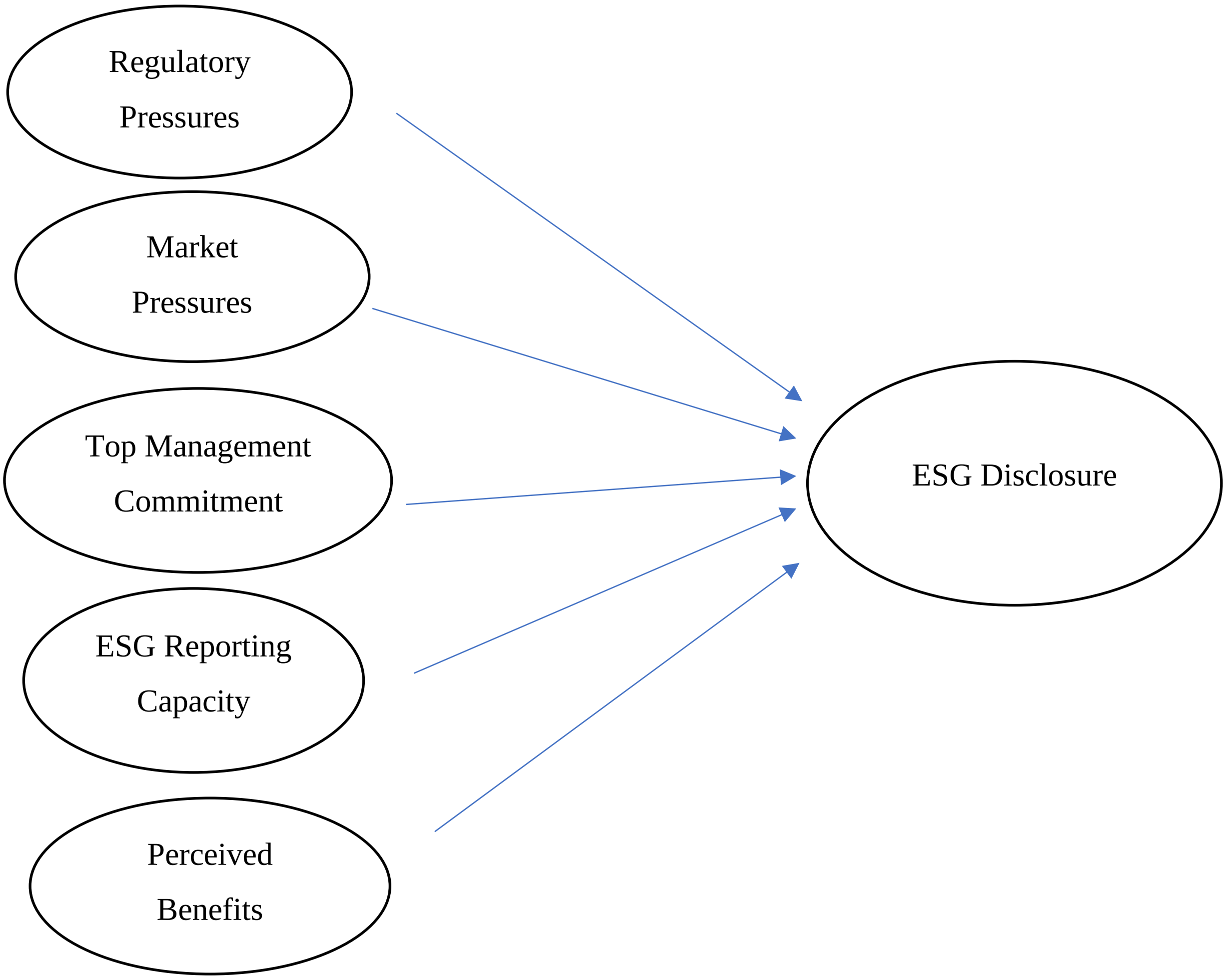

Figure 1: Conceptual Frameworks

Significance of the Study

This study examining ESG disclosure practices and determinants among Malaysian SMEs has significant relevance and implications.

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Advancing Academic Knowledge

While corporate sustainability reporting has been extensively studied, far less attention has been paid to ESG disclosure behaviours, challenges, and impacts for small and medium enterprises, especially in emerging economies (Krawczyk, 2021; Mohammad & Wasiuzzaman, 2021; Setyaningsih et al., 2024; Shalhoob & Hussainey, 2022). This study fills a gap in academic literature by providing empirical insights into this underexplored segment. By integrating perspectives from technology adoption, organizational change, and strategic management theories, the proposed conceptual framework offers a novel, comprehensive lens to understand the various technological, organizational, environmental, and managerial factors that influence SME ESG disclosure. Testing and refining this model can enrich our theoretical understanding of this domain.

Guiding Policy and Practice

In practice, the findings can directly inform policies, incentives, guidelines, and capacity-building efforts by Malaysian regulators and SME development agencies to accelerate sustainability reporting adoption and quality. Diagnosing the key barriers faced by SMEs allows for the design of targeted, high-impact interventions (Krawczyk, 2021; Krishnan et al., 2024; Salin et al., 2023; Yadegaridehkordi et al., 2023). This research can help SME stakeholders, such as industry associations, financial institutions, and large corporate partners, develop appropriate support mechanisms, toolkits, and engagement strategies to improve ESG disclosure and performance in their respective networks and value chains (Shalhoob & Hussainey, 2022). For SMEs, the study highlights potential sources of competitive advantage, such as enhanced access to green financing, preferential procurement, ethical investment attraction, and reputation benefits from comprehensive, high-quality ESG disclosure.

Contributing to Sustainable Development

Ultimately, widespread ESG disclosure aligned with issues material to the Malaysian economy can generate positive spillover impacts on the nation's sustainable development priorities across environmental protection, social equity, and ethical governance goals. By improving transparency and accountability, SMEs can be motivated to proactively manage their environmental footprint, labour practices, resource utilization, and legal risks in a more sustainable manner (Mohammad & Wasiuzzaman, 2021; Setyaningsih et al., 2024; Shoaib et al., 2022). Documented sustainability commitments and progress empower stakeholders to recognize leaders and laggards. As SMEs underpin a significant portion of Malaysia's economic activity and employment, enhancing responsible business conduct in this sector is vital for pursuing an inclusive, resilient, and low-carbon growth model, as envisioned in national development plans such as the Industrial Master Plan 2030 (NIMP) (Krishnan et al., 2024; Salin et al., 2023).

Through its holistic assessment of ESG disclosure among Malaysian SMEs, this study makes a timely and valuable contribution towards broader environmental stewardship, societal well-being, and ethical governance imperatives in this vibrant, globally integrated economy.

Conclusions

This paper reviews the current landscape of environmental, social, and governance (ESG) disclosure practices among small and medium enterprises (SMEs) in Malaysia. This highlights the importance of enhancing transparency and accountability in this sector, which forms the backbone of the national economy. Although ESG reporting has gained significant momentum globally, especially among large publicly listed companies, its adoption remains nascent for Malaysian SMEs. Key barriers identified include lack of resources, expertise, incentives, and

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management awareness of the strategic value of sustainability disclosure. To address this gap, this study proposes a comprehensive conceptual framework that enables a systematic examination of potential drivers and challenges, such as regulatory pressures, market forces, reporting capacity, and perceived costs-benefits of ESG transparency. Empirically testing this model can yield valuable insights to inform policies, initiatives, and support mechanisms by the government, industry groups, and SME stakeholders. Accelerating SME sustainability reporting has the potential to generate positive spillover effects across Malaysia's economic, environmental, and social development priorities. Driving better ESG risk management and performance improvements can enhance SMEs' access to green financing, ethical markets, operational efficiency, and human capital advantages. Moreover, comprehensive ESG disclosures aligned with issue material to different sectors provide increased transparency and accountability. This empowers stakeholders to recognize and support sustainable business leaders, fostering broader progress on national goals for environmental protection, social equity, and ethical governance under the Industrial Master Plan 2030. As Malaysia enhances its sustainability reporting ecosystem, further research avenues exist around developing SME-tailored ESG reporting standards, building supporting digital infrastructure, capacity building for assurance, verification, and incentive mechanisms. Ultimately, this study underscores that SMEs are not peripheral entities when it comes to driving more economically, environmentally, and socially responsible business activities. Their collective ESG impacts and disclosures are integral to achieving sustainable development. Initiatives promoting SME transparency and sustainability performance deserve priority from all stakeholders.

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