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Analysis of Small and Medium Enterprises (SMEs) Sustainability Reporting to Develop Sustainability Reporting Guideline

Paulina Permatasari, Elsje Kosasih
Universitas Katolik Parahyangan, Indonesia

Abstract

Sustainability reporting is conducted to communicate organizations' sustainable development contributions to their stakeholders. The sustainability reporting trend has been increasing in Indonesia for the past few years, with the government has made sustainability reporting mandatory for all public companies. In the near future, it is believed that the Government of Indonesia will also obligate small and medium-sized enterprises (SMEs) to publish sustainability reports. SMEs have a significant impact on the Indonesian economy, with the number of SMEs continuing to increase each year, and they contribute more than half of the national GDP. So far, there are no specific guidelines for SMEs' sustainability reports. There are many indicators in the global sustainability reporting guidelines that are not suitable for SMEs since they are limited in the resources and knowledge they can disseminate. Therefore, this study aims to develop a sustainable reporting guideline for SMEs. This study analyzes the development of sustainability reporting practices in Indonesia and other countries through literature review, interviews, and surveys, in order to develop a sustainability reporting guideline for SMEs. The reporting guideline recommended in this study contains 25 indicators: 12 general information indicators, 1 economic indicator, 6 environmental indicators, and 6 social indicators. Based on a survey of 25 SMEs, this guideline is suitable for preparing SMEs' sustainability reports.

Keywords: *Sustainability Reporting guideline, Small Medium Enterprises, Indonesia*

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INTRODUCTION

Sustainable development is defined as "development that meets the needs of the present while safeguarding Earth's life-support system, on which the welfare of current and future generations depends" (Griggs et al., 2013). Corporates and business organizations play significant roles in contributing to sustainable development through their business activities. Sustainability practices in businesses are known as "triple bottom line" or 3P, namely People, Planet, Profits (Elkington, 1997). These contributions will then be communicated to their stakeholders through sustainability reports.

Efforts to achieve sustainable development are not only the responsibility of large companies or multinational companies, but small and medium-sized enterprises operating only at the regional level can also contribute. Considering the number of SMEs and their role in the Indonesian economy, the contribution of SMEs can even be said to be crucial. According to data from the Indonesian Central Bureau of Statistics (BPS), there were 61.7 million SMEs in 2016, 62.9 million SMEs in 2017, and 64.2 million SMEs in 2018 (Christy, 2021). Based on the recent trend, it is likely

Corresponding author
paulina@unpar.ac.id
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that the number of SMEs in Indonesia will continue to increase. The data from the Indonesian Ministry of Cooperatives and Small and Medium Enterprises (KUKM) shows that the absorptive capacity of SMEs accounts for 97% of the total labor force and their contribution to gross domestic product (GDP) is 61.1% (Nainggolan, 2020).

Similar to large companies, SMEs can also have a significant impact on society and the environment through the cumulative impact of many small activities (Arena & Azzone, 2012). Considering the total amount of labour absorbed by SMEs, various social issues and employee rights should be the main concerns for business owners. Furthermore, the enormous number of SMEs indicates that the business activities of SMEs will have a significant impact on internal and external stakeholders. Therefore, SMEs must disclose information related to economic, social, and environmental impacts and their positive and/or negative contributions to the achievement of sustainable development.

By conducting sustainability reporting, SMEs can develop risk management, improve the performance of the responsible business practice, and gain new opportunities in the global marketplace. Sustainability reporting can also help SMEs integrate sustainability into their businesses and become more long-term oriented (GRI, no date). The long-term sustainability of SME businesses can be considered essential, in which SME sustainable growth could potentially lead to the stability of the national economy and the achievement of national sustainable development targets (Das, Rangarajan, & Dutta, 2020).

However, SMEs face many challenges in implementing sustainability reporting, one of which is the lack of appropriate guidelines/standards. The Global Reporting Initiative (GRI) sustainability reporting standard, the most used standard by companies around the world (Threlfall et al., 2020), requires reporting organizations to perform various tests and disclosures of complex data, such as measuring emissions and the amount and type of waste generated during the reporting period. SMEs with limited resources will not be able to perform that measurement (Clarke-Sather et al., 2011). Hence, there is a need for a simpler sustainability reporting guideline that is tailored to the capabilities of SMEs. A Sustainability Reporting Guideline for SMEs will truly help Indonesian SMEs to understand and communicate their economic, environmental and social information. Therefore, this study aims to develop a sustainability reporting guideline for SMEs, especially in Indonesia, by selecting appropriate sustainability indicators based on two considerations: the indicators are some of the most disclosed by SMEs in Asia, and the required data is easily obtained and disclosed by Indonesian SMEs.

LITERATURE REVIEW

Small and Medium-sized Enterprises (SMEs)

According to the Organization for Economic Cooperation and Development (OECD), SME is an independent and unaffiliated company that employs a number of employees within certain limits that varies for each country (OECD, 2005). Around 90% of businesses globally are SMEs (GRI, 2015). Therefore SMEs play an important role, especially in developing countries, as the main driver of economic growth and job creation.

In the past 10 years, the number of SMEs in Indonesia has been increasing. According to data from Badan Pusat Statistik (2020), the Indonesian Central Bureau of Statistics, as shown in Figure 1, there are 52.8 million SMEs in Indonesia. This number has been rising steadily until it

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reached 65.5 million units in 2019. Based on this trend, they predict that the number of SMEs in Indonesia will continue to increase in the next few years.

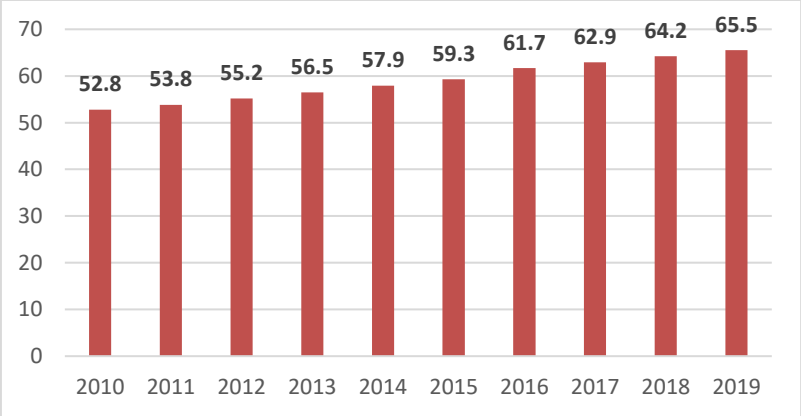

Figure 1. SMEs in Indonesia (in million units)1

The increasing number of SMEs has also contributed to the development of the national economy. As shown in Figure 2, the contribution rate of SMEs to the national GDP reached 57-58% in the last 10 years, of which the highest contribution rate was in 2019, representing 60.3% of the national GDP.

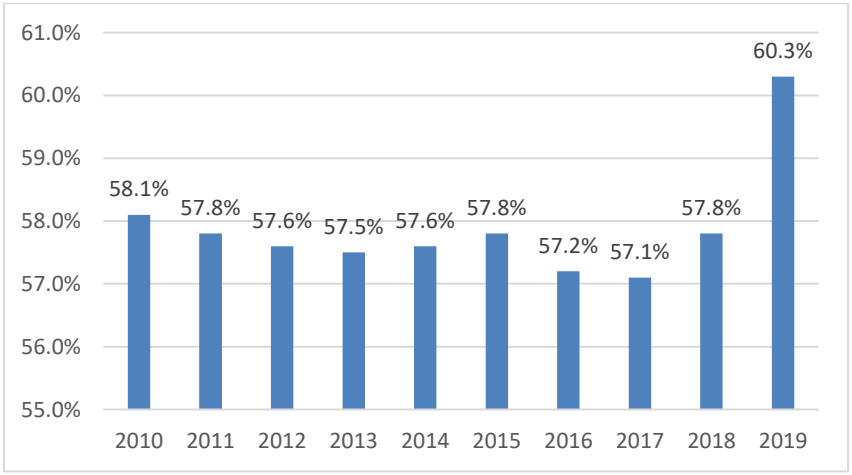

Figure 2. Contribution of SMEs to Indonesia's GDP2

Considering the key existence of SMEs for the economy, the Government of Indonesia has made various efforts to support the commercial activities of SMEs. These efforts include providing commercial licensing procedures for SMEs through "One Single Submission" (OSS), reducing licensing fees, simplifying tax management, providing business training and assistance for start-ups, encouraging SMEs to export, and providing special grants for various SMEs development plan (Kementerian Keuangan, 2020).

[1] Source: Badan Pusat Statistik, 2020

[2] Source: Kementerian Koperasi dan Usaha Kecil dan Menengah

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Sustainability Reporting by SMEs

There are still few studies on SMEs' sustainability reporting, and many studies only focus on the practices of large companies (Das, Rangarajan, & Dutta, 2020; Das, 2019; Graafland and Smid, 2015). The relatively small number of discussions on this subject may be caused by many beliefs that the development of SMEs' sustainability reporting tends to be slow (Shields & Shelleman, 2015). This may be due to a lack of external pressure on SMEs, such as the absence of regulations requiring SMEs to provide sustainability reports or the insufficient resources for SMEs to conduct sustainability reporting (Bos-Brouwers, 2010; Masurel, 2007; Schaper, 2002).

Another challenge for sustainability reporting is the perception that sustainability reporting is a difficult, time-consuming, and expensive process (Fenwick, 2010). Organizations should not consider sustainability reporting as an additional cost but as part of the organization's strategy as an additional value for organizational performance and competitiveness (Džupina & Mišún, 2014). However, this is especially a challenge for SMEs that do not have the appropriate structure or management system to integrate sustainability reporting into the organizations' business strategy (Kiron et al., 2013).

According to the GRI Sustainability Disclosure Database, as of June 2021, SMEs only contributed about 12% of all sustainability reports in the database, with the rest coming from large organizations and multinational companies. The total number of SMEs that publish sustainability reports in accordance with the GRI guidelines worldwide is 3,234 SMEs, with 44 SMEs in Indonesia (GRI Database, 2021).

SMEs have several limitations that generally do not exist in large companies, such as limited funds, fewer and less experienced employees, lack of long-term planning, and limited understanding of sustainability practices (Massa, Farneti, & Scappini, 2015; Loucks, Martens, & Cho, 2010; Parker, Redmond, & Simpson, 2009). Furthermore, existing sustainability reporting indicators and guidelines require certain aspects of reporting that is often difficult for SMEs because they involve many complex and complicated measurement systems and procedures (Van der Walt, 2018; Arena & Azzone, 2012; Plugge & Wiemer, 2008).

Sustainability Reporting Guideline for SMEs

Van der Walt (2018) found that GRI has become one of the most used guidelines for SMEs. The study analyzed the sustainability reporting practices of SMEs and found that most of them use GRI as the reporting guideline. GRI has also published a manual for SMEs that presents sustainability reporting practices and the steps required to prepare sustainability reports using the GRI G4 Guideline (GRI, 2014; Tschopp & Nastanski, 2014). However, this manual does not provide specific reporting guidelines for SMEs; it only presents the concepts and procedures of sustainability reporting for SMEs that are not familiar with the practice of sustainability reporting.

GRI (2014) exposes the various internal and external benefits of sustainability reporting for SMEs. The internal benefits are: 1) Allowing the organization to formulate a vision and strategy for sustainable development; 2) Improving the management system and internal processes and establishing the organization's sustainable development goals; 3) Identifying the strengths and weaknesses of the organization, and 4) Improve employee awareness and motivate them to achieve sustainability targets; while the external benefits are: 1) Improving the reputation of the organization and gaining the trust of interested parties; 2) Promote financing needs through

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sustainability performance, where sustainability issues have become one of the main considerations for investors/creditors; 3) Achieve transparency and good relationships with stakeholders; 4) Obtain a competitive advantage through sustainability performance.

The GRI guideline is considered to be too complicated to be implemented by SMEs, especially small and micro enterprises with limited funds and resources. A study by van der Walt (2018) showed that the majority of SMEs disclose GRI indicators on "direct economic value generated and distributed". Other studies also indicated that the GRI indicators most reported by SMEs are customer satisfaction, product quality, recycling practices, efficient use of materials, water, and energy, environmentally friendly products, efforts to mitigate environmental impacts, and employee rights, such as occupational health and safety, employee training, and other employment policies (van der Walt, 2018; Jansson et al., 2017; Džupina & Mišún, 2014; Revell, Stokes, & Chen, 2009; Plugge & Wiemer, 2008). In other words, it is easier for SMEs to report indicators related to daily business activities because these data are often readily available (Plugge & Wiemer, 2008).

An institution needs a system that helps compile components or materials more effectively, determines objectives, and involves all the resources needed for all the objectives and components by integrating management principles. Management is a typical process consisting of planning, organizing, implementing, and controlling actions to determine and achieve goals using human and other resources (Bright, 2019). Meanwhile, another opinion explains that management is the science and art of managing the process of utilizing human resources and other sources effectively and efficiently (Sadikin et al., 2020). The planning function consists of reviewing related policies, analyzing institutional conditions, formulating objectives, collecting data and information, analyzing data and information, formulating and selecting alternatives, and determining steps for implementing activities.

The application of management educational institutions has applied the stages in preparing school or madrasa management plans by taking into account several principles as follows input to parents of students, the results of an evaluation of previous learning. The determination of targets and programs to be achieved has a model based on the school management planning process, which prioritizes two considerations, is a principle of trust and the results of previous evaluations, as well as setting targets and programs to be achieved (Hadi, 2020).

Apart from these aspects, there are other things in determining management. There are fundamental elements that cannot be separated from one another: objectives, policies, procedures, progress, and programs that will be implemented in the next year. Thus, management is an activity with predetermined objectives based on planning, organizing, implementing, and controlling.
Realizing educational institutions are madrasas requires holistic and integrated attention and application. One of them is madrasa-based management, the education stakeholders as parties related to the education process, namely the guardians of students and the community. The madrasa must work together and have a burden and responsibility. balanced and proportional in making policies and implementing the learning and teaching process to improve the quality of madrasa.

Avoid overlap burdens and responsibilities among education stakeholders; it is necessary to have an independent, democratic, transparent institution that all levels of society can trust. A madrasa committee was formed to accommodate the roles and responsibilities as well as balanced

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and proportional authority between madrasas, guardians of students and the community, and other stakeholders. Then reaffirmed in number 16/2020 regulation concerning madrasa committees, it is stated that the madrasa committee is an independent institution consisting of parents/guardians of students, community leaders who care about education, and education experts (Kemenag, 2020) The position of the school committee is a character that is in the school committee indicating, among other things: domiciled in an academic unit, consisting of an academic unit or several academic units at the same or different levels. However, it is located in an adjacent location or an academic unit managed by an education provider or due to other considerations, and this body is independent. It does not have a hierarchical relationship with government agencies (Ortiz-Martínez et al., 2022).

It can be explained that a madrasa committee is an independent institution/body consisting of a group of people who must help with education in madrasas, among other things helping with operational costs, building madrasa buildings, educational facilities, and infrastructure. It will accommodate the surrounding community in improving the quality-equity and efficiency of education management. The management of the madrasa committee usually comes from the surrounding community, which collaborates with madrasa teachers, for example, alumni, community leaders, educational leaders, and entrepreneurs.

The school committee has a role in providing considerations or choices to schools, as well as providing support, control, and bridging the interests of the community and education delivery (Alfikalia & Widyaningsih, 2021). The part of the school committee provides consideration in determining and implementing education policies, supporting education delivery, and controlling and mediating between the government and the community. The encouraging growth of public attention and commitment to quality education, collaborating with the community, accommodating and analyzing aspirations, providing input, encouraging parents and the community to participate in education, raising funds from the community, and conducting evaluations.

Community participation in the administration of the ideal madrasa takes place in synergy between individuals, groups, families, professional organizations, employers, and community organizations. Their participation as a source, implementer, or user of education is also included in planning, administering, and controlling education. The ideal madrasa requires high community participation in the form of ideas, concepts, morals, information, thoughts, skills, and materials needed for the sustainability of life and the development of educational institutions to improve the quality of education. There, community-supported members of the madrasa committee provide consideration and support and act as a liaison and controllers for the realization of quality, transparent, accountable, equitable, and fair education (Lasminah et al., 2021).

In madrasa management, by involving stakeholders, the function of the madrasa committee becomes an integrated unit so that it can explain that the functions of the madrasa committee include the following: giving consideration, supporting, controlling, mediating, driving the growth of community attention and commitment and collaboration with the community ((Yanto, 2021; Khoiriyah et al., 2021).

In carrying out the tasks referred to number 16/2020 regulation, it emphasizes that the madrasa committee carries out functions: giving consideration to (formulating madrasa policies and programs, preparing madrasa work plans and budgets, determining madrasa performance criteria, developing educational facilities and infrastructure in madrasa); providing financial

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support, thoughts, and personnel in the delivery of education in madrasas; development of madrasa cooperation; supervising the administration and management of education; and acceptance and follow-up of complaints, suggestions, criticisms, and aspirations from students, parents/guardians, and the community.

In this era of regional autonomy, madrasas have greater autonomy and educational space. The madrasa-based management paradigm provides the broadest possible opportunity to manage and regulate the implementation of education in each madrasa (Umam, 2019). With the budget availability in RAPBS, there is an assumption that the school committee is a bureaucratic institution under the school principal, even under the education office principals. Provision of the school committee budget in the RAPBM does not mean that the budget does not come from the school principal but from the family and the community (Noho et al., 2021).

The school committee raises funds and other educational resources to provide support for personnel, facilities, and infrastructure, as well as education supervision, then raises funds and other educational resources (assistance and donations, not levies). The school committee has included monitoring education personnel, non-teacher education personnel, monitoring conditions, coordinating and evaluating, monitoring, and evaluating budgeting support.

The school committee's efforts to improve the madrasa's performance include regular meetings with student guardians and recitation once a semester. They are raising funds and other educational resources from the community and donors and implementing school policies, including recruiting educators and admitting new students. The construction of new classrooms and school infrastructure, following up on complaints, suggestions, criticisms, and aspirations from students, parents, and the community for school performance for an increase in school achievement (Qohar, 2019).

The school committee is located in the school education unit, at all levels, from primary to secondary education, in both public and private educational institutions. The objectives of the school committee are: to accommodate and channel the aspirations and initiatives of the community in creating operational policies and educational programs in academic units, to increase the responsibility and role of the community in the delivery of education, and create an atmosphere and conditions of transparency, accountability, and democracy in the implementation and quality education services in the education unit (Hidayati, 2018).

The school committee must submit reports to their student parents, communities, and madrasa principals through regular meetings at least once a semester. It comprises school committee activities and the results of fundraising and other educational resources from the community (Winoto, 2021). The success in the provision of education is not only the responsibility of the central government but also the provincial, district, or city governments, schools, parents, and communities. The community-based participation and school-based management are not only to implementing in Indonesia. However, in other words, the principal of application are two concepts that schools can provide quality education services.

For this reason, synergic cooperation from the school, family, and community is needed systematically to participate in the management of education. In order to avoid overlapping burdens and responsibilities among education stakeholders, an independent, democratic, transparent institution that is trusted by all levels of society is needed. A school committee was

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formed to accommodate roles and responsibilities and equal authority between the school, student guardians, and the community.

The school committee is an independent body accommodating community participation in improving education management quality, equity, and efficiency. The body is adjusting to each academic unit's local conditions and needs, such as the madrasa committee, madrasa council, and school council. Thus, the madrasa committee is an institution established in each madrasa that aims to help the madrasa achieve the desired targets by functioning as a body of consideration, support, control, and liaison.

Quality of education is the ability of schools to manage operationally and efficiently components related to schools to produce added value to these components according to the prevailing norm or standards (Kemdikbud, 2019). Quality in education includes four qualities input, process, output, and outcome (Tuala, 2018). Quality in the context of integrated quality management or Total Quality Management (TQM) is not just an idea. However, a philosophy and methodology to assist institutions in managing change systematically and in totality through a change in vision, mission, values , and goals. Achieving good quality madrasa certainly requires a variety of quality madrasa activities. A quality madrasa here is interpreted as a madrasa that can provide satisfaction to the madrasa community (Susilo et al., 2021).

Quality is an ability possessed by a product or service to meet needs or expectations, satisfaction, and customers in education are grouped into internal customers and external customers. Internal customers are student learners and external customers in society and the industrial world (Burhanudin et al., 2018).

World education assesses the quality of a school's graduates from the suitability of their abilities with the objectives set in the curriculum. In general, quality or quality is a comprehensive description and characteristics of goods or services that show their ability to satisfy expected or implied needs. The quality of the school is developing through improved management that involves: clients or customers, leadership, teams, processes, and structures (García-Fernández et al., 2022).

The transformation to quality madrasa begins with adopting a shared dedication to quality by the school board, managers, staff, students, teachers, and the community. The process begins with developing a quality vision and mission for the region, each madrasa, and the department in the region (Abdullah, 2019). Education quality standards carried out by education units refer to the national education standards, including competency of graduates, content, process, educators and education personnel, facilities and infrastructure, management standards, financing standards, and educational assessment standards (Kemdikbud, 2019). The education services described above include teaching materials (cognitive, affective, and psychomotor), methodologies (varies according to teacher abilities), school facilities, administrative support, facilities and infrastructure, and other resources, as well as creating a conducive atmosphere (Akkaya & Kapıdere, 2021). In another statement, Sopingi et al. (2021) found the effectiveness of school committee performance was quite good. Thus, the quality of education is the ability of educational institutions to manage components related to schools according to applicable standards.

The conceptual definition of madrasa committee management is an activity with the objectives set by the madrasa committee based on planning, organizing, implementing, and monitoring. The operational definition of madrasah committee management is an activity with the

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objectives set by the madrasah committee based on planning, organizing, implementing, and monitoring with indicators as the body of consideration, support, control, and liaison.

The conceptual definition of education quality is the ability of educational institutions to manage components related to schools according to applicable standards. The operational definition of education quality is the ability of educational institutions to manage components related to schools according to applicable standards with indicators of teachers, infrastructure, teaching and learning processes, and awards for achievements.

RESEARCH METHOD

This study is qualitative research using a descriptive method. According to Sekaran and Bougie (2016), descriptive methods are "studies that are often designed to collect data that describe the characteristics of persons, events, or situations." Descriptive methods allow researchers to (1) comprehend the attributes of certain groups in specific circumstances; (2) consider all aspects of a certain situation systematically; (3) provide ideas for future research; (4) make decisions. The data used in this study are primary data and secondary data. According to Sekaran and Bougie (2016), primary data is all information gathered by researchers first-hand specifically for conducting a study. The primary data are obtained from surveys and interviews. Secondary data is data that already exists and does not need to be acquired by the researchers (Sekaran & Bougie, 2016). Secondary data were obtained from literature related to research topics and SMEs' sustainability reports. The data processing technique used in this study is content analysis. Content analysis is an observational research method that is used to systematically evaluate the symbolic contents of all forms of recorded communications (Sekaran & Bougie, 2016).

This study includes several stages. The first step is collecting all the SME sustainability reports from the GRI database. The total number of SMEs sustainability reports is 55 from various countries, such as the Philippines, Dubai, Hongkong, Indonesia, India, Japan, Korea, Singapore, Thailand, Turkey, Arab, and Vietnam. The 55 SMEs were selected from various industries: 4 companies from the automotive industry, 3 companies from the chemical industry, 1 company from the commercial services industry, 2 companies from the conglomerates industry, 5 companies from the construction industry, 1 company from consumer durable industry, 2 companies from the energy industry, 2 companies from equipment industry, 6 companies from the financial services industry, 1 company from healthcare products industry, 1 company from metals products industry, 4 companies from non-profit/services industry, 2 companies from public agency industry, 3 companies from real estate industry, 4 companies from textiles and apparel industry, 1 company from tourism/leisure industry, and 13 companies from other industry.

We conducted content analysis on the sustainability reports to analyze indicators disclosure based on the GRI Standard by assigning number '1' if a specific indicator is disclosed and number '0' if the indicator is not disclosed. After that, we calculate the disclosure percentage of each indicator by summing the total number of companies that disclosed an indicator, divided by the number of total companies, which is 55 SMEs. The next step is composing the guidance based on the indicators with a disclosure percentage above 50%. Several indicators with disclosure percentages below 50% are also included in the guidance based on our judgment that those indicators are important to be reported and other supporting literature. However, there are also several indicators with a disclosure percentage above 50% that are not included in the guideline,

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with consideration that the data required by those indicators will be difficult to be obtained and report by Indonesian SMEs. After that, we tested the guideline for the 25 SMEs in Indonesia. The selection of the 25 SMEs in this study was carried out in collaboration with BEDO. BEDO is a non-profit Business Support Organization (BSO) dedicated to supporting the national and international strategies of 4,444 Indonesian SMEs. BEDO recommends that 25 SMEs from all over Indonesia understand sustainability issues or are interested in exploring sustainability issues that should be used as the sample for this study. The final step of this research is drawing the conclusion of whether the guideline is suitable for the SME based on the feedback of 25 SMEs in this study.

FINDINGS AND DISCUSSION

Case Study of 55 SMEs' Sustainability Reports around Asia

We have collected and analyzed 55 SME sustainability reports from several countries in Asia to make the guidelines. The 55 selected SMEs are selected from various industries, as you can see in Figure 3. Table 1 shows the information disclosure in the SMEs' sustainability report.

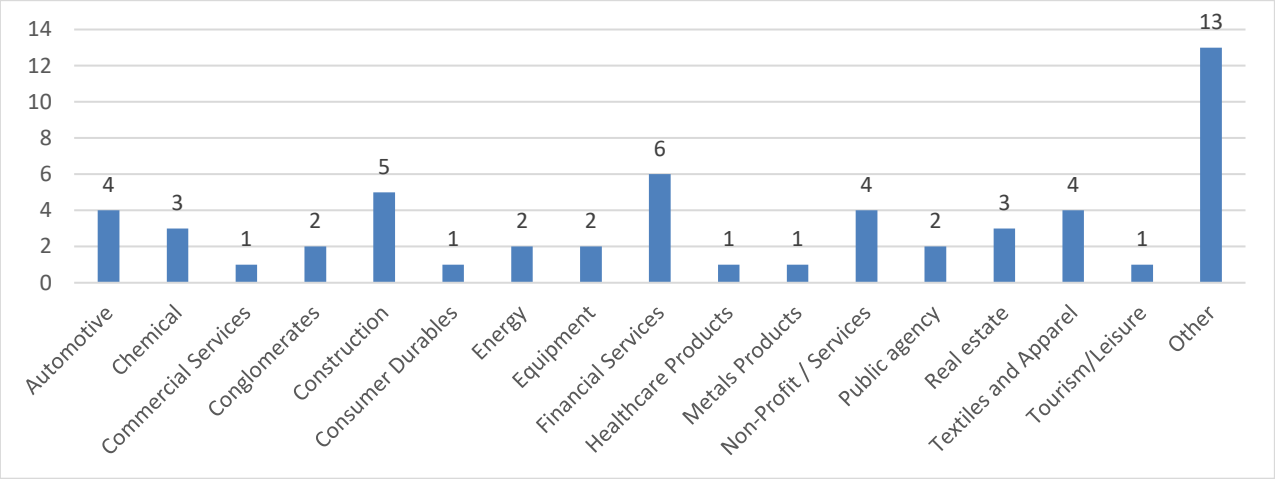

Figure 3. Number of SR in each Industry

Table 1 Information Disclosure in the SMEs' Sustainability Reports

Description of GRI Disclosure	Number of Company	Number of Disclosure	Percentage of Disclosure
Disclosure 102-1: "Name of the organization"	55	55	100,00%
Disclosure 102-2: "Activities, brands, products, and services"		46	83,64%
Disclosure 102-3: "Location of headquarters"		48	87,27%
Disclosure 102-4: "Location of operations"		40	72,73%
Disclosure 102-5: "Ownership and legal form"		38	69,09%
Disclosure 102-6: "Markets served"		42	76,36%
Disclosure 102-7: "Scale of the organization"		39	70,91%
Disclosure 102-8: "Information on employees and other workers"		45	81,82%
Disclosure 102-9: "Supply chain"		50	90,91%

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Disclosure 102-10: "Significant changes to the organization and its supply chain"	35	63,64%
Disclosure 102-11: "Precautionary Principle or approach"	45	81,82%
Disclosure 102-12: "External initiatives"	42	76,36%
Disclosure 102-13: "Membership of associations"	42	76,36%
Disclosure 102-14: "Statement from senior decision-maker"	53	96,36%
Disclosure 102-15: "Key impacts, risks, and opportunities"	31	56,36%
Disclosure 102-16: "Values, principles, standards, and norms of behaviour"	46	83,64%
Disclosure 102-17: "Mechanisms for advice and concerns about ethics"	17	30,91%
Disclosure 102-18: "Governance structure"	46	83,64%
Disclosure 102-19: "Delegating authority"	11	20,00%
Disclosure 102-20: "Executive-level responsibility for economic, environmental, and social topics"	11	20,00%
Disclosure 102-21: "Consulting stakeholders on economic, environmental, and social topics"	8	14,55%
Disclosure 102-22: "Composition of the highest governance body and its committees"	6	10,91%
Disclosure 102-23: "Chair of the highest governance body"	9	16,36%
Disclosure 102-24: "Nominating and selecting the highest governance body"	1	1,82%
Disclosure 102-25: "Conflicts of interest"	6	10,91%
Disclosure 102-26: "Role of highest governance body in setting purpose, values, and strategy"	7	12,73%
Disclosure 102-27: "Collective knowledge of highest governance body"	3	5,45%
Disclosure 102-28: "Evaluating the highest governance body's performance"	5	9,09%
Disclosure 102-29: "Identifying and managing economic, environmental, and social impacts"	7	12,73%
Disclosure 102-30: "Effectiveness of risk management processes"	8	14,55%
Disclosure 102-31: "Review of economic, environmental, and social topics"	5	9,09%
Disclosure 102-32: "Highest governance body's role in sustainability reporting"	4	7,27%
Disclosure 102-33: "Communicating critical concerns"	6	10,91%
Disclosure 102-34: "Nature and total number of critical concerns"	1	1,82%
Disclosure 102-35: "Remuneration policies"	7	12,73%
Disclosure 102-36: "Process for determining remuneration"	6	10,91%
Disclosure 102-40: "List of stakeholder groups"	53	96,36%
Disclosure 102-41: "Collective bargaining agreements"	38	69,09%
Disclosure 102-42: "Identifying and selecting stakeholders"	46	83,64%
Disclosure 102-43: "Approach to stakeholder engagement"	47	85,45%
Disclosure 102-44: "Key topics and concerns raised"	41	74,55%
Disclosure 102-45: "Entities included in the consolidated financial statements"	18	32,73%
Disclosure 102-46: "Defining report content and topic Boundaries"	50	90,91%
Disclosure 102-47: "List of material topics"	46	83,64%
Disclosure 102-48: "Restatements of information"	31	56,36%
Disclosure 102-49: "Changes in reporting"	32	58,18%
Disclosure 102-50: "Reporting period"	53	96,36%
Disclosure 102-51: "Date of most recent report"	45	81,82%
Disclosure 102-52: "Reporting cycle"	50	90,91%
Disclosure 102-53: "Contact point for questions regarding the report"	54	98,18%
Disclosure 102-56: "External assurance"	37	67,27%
Disclosure 103-1: "Explanation of the material topic and its Boundary"	24	43,64%
Disclosure 103-2: "The management approach and its components"	23	41,82%
Disclosure 103-3: "Evaluation of the management approach"	15	27,27%

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Disclosure 201-1: "Direct economic value generated and distributed"	55	40	72,73%
Disclosure 201-2: "Financial implications and other risks and opportunities due to climate change"		13	23,64%
Disclosure 201-3: "Defined benefit plan obligations and other retirement plans"		7	12,73%
Disclosure 201-4: "Financial assistance received from government"		11	20,00%
Disclosure 202-1: "Ratios of standard entry level wage by gender compared to local minimum wage"		4	7,27%
Disclosure 202-1: "Proportion of senior management hired from the local community"		8	14,55%
Disclosure 203-1: "Infrastructure investments and services supported"		8	14,55%
Disclosure 203-2: "Significant indirect economic impacts"		12	21,82%
Disclosure 204-1: "Proportion of spending on local suppliers"		10	18,18%
Disclosure 205-1: "Operations assessed for risks related to corruption"		13	23,64%
Disclosure 205-2: "Communication and training about anti-corruption policies and procedures"		17	30,91%
Disclosure 205-3: "Confirmed incidents of corruption and actions taken"		20	36,36%
Disclosure 206-1: "Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices"		16	29,09%
Disclosure 301-1: "Materials used by weight or volume"		14	25,45%
Disclosure 301-2: "Recycled input materials used"		2	3,64%
Disclosure 301-3: "Reclaimed products and their packaging materials"		3	5,45%
Disclosure 302-1: "Energy consumption within the organization"		25	45,45%
Disclosure 302-2: "Energy consumption outside of the organization"		3	5,45%
Disclosure 302-3: "Energy intensity"		10	18,18%
Disclosure 302-4: "Reduction of energy consumption"		25	45,45%
Disclosure 302-5: "Reductions in energy requirements of products and services"		6	10,91%
Disclosure 303-1: "Water withdrawal by source"		6	10,91%
Disclosure 303-2: "Water sources significantly affected by the withdrawal of water"		1	1,82%
Disclosure 303-3: "Water recycled and reused"		12	21,82%
Disclosure 303-1: "Interactions with water as a shared resource"		6	10,91%
Disclosure 303-2: "Management of water discharge-related impacts"		2	3,64%
Disclosure 303-3: "Water withdrawal"		4	7,27%
Disclosure 303-4: "Water discharge"		2	3,64%
Disclosure 303-5: "Water consumption"		26	47,27%
Disclosure 304-1: "Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas"		3	5,45%
Disclosure 304-3: "Habitats protected or restored"		3	5,45%
Disclosure 305-1: "Direct (Scope 1) GHG emissions"		31	56,36%
Disclosure 305-2: "Energy indirect (Scope 2) GHG emissions"		32	58,18%
Disclosure 305-3: "Other indirect (Scope 3) GHG emissions"		17	30,91%
Disclosure 305-4: "GHG emissions intensity"		8	14,55%
Disclosure 305-5: "Reduction of GHG emissions"		21	38,18%
Disclosure 305-6: "Emissions of ozone-depleting substances (ODS)"		1	1,82%
Disclosure 305-7: "Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions"		4	7,27%
Disclosure 306-1: "Waste generation and significant waste-related impacts"		7	12,73%
Disclosure 306-2: "Management of significant waste-related impacts"		13	23,64%
Disclosure 306-3: "Waste generated"		9	16,36%
Disclosure 306-4: "Waste diverted from disposal"		3	5,45%

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Disclosure 306-5: "Waste directed to disposal"	1	1,82%
Disclosure 307-1: "Non-compliance with environmental laws and regulations"	8	14,55%
Disclosure 308-1: "New suppliers that were screened using environmental criteria"	10	18,18%
Disclosure 401-1: "New employee hires and employee turnover"	28	50,91%
Disclosure 401-2: "Benefits provided to full-time employees that are not provided to temporary or part-time employees"	18	32,73%
Disclosure 401-3: "Parental leave"	8	14,55%
Disclosure 402-1: "Minimum notice periods regarding operational changes"	9	16,36%
Disclosure 403-1: "Workers representation in formal joint management–worker health and safety committees"	14	25,45%
Disclosure 403-2: "Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities"	12	21,82%
Disclosure 403-3: "Workers with high incidence or high risk of diseases related to their occupation"	2	3,64%
Disclosure 403-4: "Health and safety topics covered in formal agreements with trade unions"	1	1,82%
Disclosure 403-1: "Occupational health and safety management system"	10	18,18%
Disclosure 403-2: "Hazard identification, risk assessment, and incident investigation"	5	9,09%
Disclosure 403-3: "Occupational health services"	7	12,73%
Disclosure 403-4: "Worker participation, consultation, and communication on occupational health and safety"	4	7,27%
Disclosure 403-5: "Worker training on occupational health and safety"	11	20,00%
Disclosure 403-6: "Promotion of worker health"	7	12,73%
Disclosure 403-7: "Prevention and mitigation of occupational health and safety impacts directly linked by business relationships"	12	21,82%
Disclosure 403-8: "Workers covered by an occupational health and safety management system"	2	3,64%
Disclosure 403-9: "Work-related injuries"	12	21,82%
Disclosure 403-10: "Work-related ill health"	4	7,27%
Disclosure 404-1: "Average hours of training per year per employee"	37	67,27%
Disclosure 404-2: "Programs for upgrading employee skills and transition assistance programs"	30	54,55%
Disclosure 404-3: "Percentage of employees receiving regular performance and career development reviews"	15	27,27%
Disclosure 405-1: "Diversity of governance bodies and employees"	13	23,64%
Disclosure 405-2: "Ratio of basic salary and remuneration of women to men"	10	18,18%
Disclosure 406-1: Incidents of discrimination and corrective actions taken"	24	43,64%
Disclosure 407-1: "Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk"	9	16,36%
Disclosure 408-1: "Operations and suppliers at significant risk for incidents of child labor"	10	18,18%
Disclosure 410-1: "Security personnel trained in human rights policies or procedures"	2	3,64%
Disclosure 411-1: "Incidents of violations involving rights of indigenous peoples"	5	9,09%
Disclosure 412-1: "Operations that have been subject to human rights reviews or impact assessments"	5	9,09%
Disclosure 412-2: "Employee training on human rights policies or procedures"	10	18,18%
Disclosure 412-3: "Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening"	4	7,27%

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Disclosure 413-1: "Operations with local community engagement, impact assessments, and development programs"	21	38,18%
Disclosure 413-2: "Operations with significant actual and potential negative impacts on local communities"	4	7,27%
Disclosure 414-1: "New suppliers that were screened using social criteria"	18	32,73%
Disclosure 414-2: "Negative social impacts in the supply chain and actions taken"	5	9,09%
Disclosure 415-1: "Political contributions"	7	12,73%
Disclosure 416-1: "Assessment of the health and safety impacts of product and service categories"	12	21,82%
Disclosure 416-2: "Incidents of non-compliance concerning the health and safety impacts of products and services"	7	12,73%
Disclosure 417-1: "Requirements for product and service information and labelling"	6	10,91%
Disclosure 417-2: "Incidents of non-compliance concerning product and service information and labelling"	6	10,91%
Disclosure 417-3: "Incidents of non-compliance concerning marketing communications"	6	10,91%
Disclosure 418-1: "Substantiated complaints concerning breaches of customer privacy and losses of customer data"	26	47,27%
Disclosure 419-1: "Non-compliance with laws and regulations in the social and economic area"	20	36,36%

Developing Sustainability Reporting Guideline for SME

The selection of the indicator that needs to be disclosed by SMEs is based on the following considerations: first, the percentage of disclosure by SMEs in Asian countries is above 50%. This means that these indicators are considered important by most SMEs in Asia. The second consideration is: how easy it is for SMEs to obtain and disclose this information in their sustainability reports. The guideline we proposed in this study can be seen in Table 2.

Table 2 SME Sustainability Reporting Guideline

Category	Indicator Code	Indicator Name	Indicator Explanation
General Information	GI1	Company name	The company's name
	GI2	Company brands, activities, and products/services	A summary of the company's operational activities. Primary brands, products/services, as well as an explanation of any products/services that are prohibited in specific areas.
	GI3	Location of company's head office and business	Location of the company's head office and business operations
	GI4	Company's ownership and legal structure	Nature of the company's ownership and legal structure
	GI5	Markets covered	Markets covered, including: geographic locations where products/services are supplied; industries covered; customer and beneficiary categories.
	GI6	Company size	Organizational scale, including: total number of employees; total number of operations; net sales or net revenues; total capitalization, separated into debt and equity; quantity of products/services supplied.

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Category	Indicator Code	Indicator Name	Indicator Explanation
	GI7	Employees' and other workers' information	Total number of employees classified by employment contract (permanent and temporary), by gender, and by area; Total number of employees classified by employment type (full-time and part-time), by gender; A description of the type and scope of work performed by non-employees, if appropriate; A description of how the data were compiled, including any assumptions that were used.
	GI8	Values, principles, standards, and norms of behaviour	An explanation of the company's values, principles, standards, and norms of behaviour
	GI9	Executive management of economic, environmental, and social issues	Whether the company has appointed an executive-level post/roles in charge of economic, environmental, and social issues; Whether post holders are directly accountable to the highest governing body.
	GI10	List of stakeholder groups and approach to stakeholder engagement	A list of the company's stakeholder groups; The company's approach to stakeholder engagement, including frequency of engagement and an indication of whether any of the engagement was conducted specifically as part of the report preparation process.
	GI11	List of material topics	A list of the material topics identified in the process of defining report content.
	GI12	Point of contact for inquiries about the report	The point of contact for questions about the report and its contents.
Economy	EC1	Direct economic impacts	Direct economic value generated and distributed (EVG&D), including the following basic components for the company's operations: Revenues as the direct economic value generated; Operating costs, employee salaries and allowances, payment to capital providers, payment of taxes, and other investments as economic value distributed; Economic value maintained equals "direct economic value generated" less "economic value distributed". Where substantial, EVG&D should be reported separately at country, regional, or market levels, as well as the criteria used to determine the significance.
Environmental	EN1	Weight/volume of materials used	Total weight/volume of materials used in production, including the packaging, of the company's main products/services during the reporting period, categorized into non-renewable and renewable materials used.
	EN2	Company's energy consumption	Total fuel usage from renewable and non-renewable sources, in joules or multiples, including fuel types used; Total energy consumption within the company, in joules or multiples; Calculation methods/tools and conversion factors used.
	EN3	Reduction of energy consumption	Amount of energy consumption reductions obtained as a direct result of conservation and efficiency programs, measured in joules or multiples; Energy types included in the efficiency programs; Basis for measuring the energy consumption reductions, such as base year or baseline, as well as the reason for selecting it;

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Category	Indicator Code	Indicator Name	Indicator Explanation
			Calculation methods/tools and conversion factors used.
	EN4	Water consumption	Total water usage from all sectors disclosed in megaliters. Changes in water storage should be disclosed in megaliters only if water storage has been determined as having a major water-related impact; Any information required to understand how the data were compiled, such as standards, methodologies, and assumptions used.
	EN5	Recycling and reuse of water	Total volume of water recycled and reused by the company; Total volume of water recycled and reused as a percentage of the total water withdrawal; Standards, methodologies, and assumptions used.
	EN6	Information on company's waste	Total weight of hazardous waste; Total weight of non-hazardous waste; Waste disposal method.
Social	SO1	New employee hires and employee turnover	Total number of new employees hired and number/rate of employee turnover during the reporting period, categorized by age, gender, and region.
	SO2	Employee remuneration and allowances	Information on employee remuneration policies and type of allowances/benefits, which are only granted for full-time employees.
	SO3	Health and safety in workplace	Representation of the company's employees in established joint management–worker health and safety committees; Types and rates of injury, lost days and absenteeism due to injuries, number of work-related diseases and fatalities; Workers with high risk of work-related diseases; Health and safety issues addressed in official agreements with labor unions.
	SO4	Employee training	Average training hours per employee each year; Employee skill development programs; The percentage of employees that receive regular performance reviews.
	SO5	Evaluation of impacts on health and safety	The percentage of product/service categories which are evaluated for health and safety impacts.
	SO6	Non-compliance incidents related to health and safety impacts	Total number of cases of non-compliance with regulations related to health and safety impacts of products/services during the reporting period, including their results; If there have been no cases of non-compliance, a simple statement will suffice.

However, there are several indicators that the percentage disclosures were not above 50% but are included in our guideline. Those indicators are GI9, EN1, EN2, EN3, EN4, EN5, EN6, SO3, SO5, and SO6. GI9 is included because executive-level responsibility in sustainability governance has significant impacts on the implementation of sustainability within an organization, such as related to employee policies (Khan, 2010). While issues related to impacts on the environment, including indicators on materials used (EN1) and reduction of energy consumption (EN3), can be used to increase sustainability reports' informativeness (Mysaka, Derun, & Skliaruk, 2021).

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Michalczuk & Konarzewska (2018) also stated that the indicator on 'energy consumption within the organization' (EN2) is one of the priority reporting areas. At the same time, indicators related to water consumption and (EN4) water recycling (EN5) are classified as one the indicators that have a direct effect on communities' health (Chowdhury, Rambaree, & Macassa, 2021). The indicator on 'waste by type and disposal method' (EN6) is also one of the environmental issues that can be included to increase sustainability reports' informativeness (Mysaka, Derun, & Skliaruk, 2021) and also one of the indicators needed to compose a high-quality sustainability report (Janik, Ryszko, & Szafraniec, 2020). Occupational safety (SO3) is classified as an important aspect of sustainability reporting (Hronová and Špaček, 2021) and a company's most basic responsibility to their employees, in which if employees suffer occupational injuries/diseases at work, the company will also suffer financial and non-financial costs, such as negative social perception from communities (Chen et al., 2020). Whilst, assessment of health and safety impacts of products and services (SO5) is also considered important to be disclosed by organizations because it is relevant to show the stakeholders that their products and/or services have met applicable regulations (Miqdad et al., 2020). Other information on health and safety products/services, including incidents of non-compliance (SO6), is also classified as important to be disclosed as it is one of the indicators that have a direct effect on external stakeholders' health, especially consumers' (Chowdhury, Rambaree, & Macassa, 2021).

Testing and Analyzing Whether the Guideline is Suitable for SME

After conducting the SME's sustainability reporting guideline, we tested the guideline to 25 SMEs all over Indonesia. The percentage of the disclosure in Indonesian SMEs' sustainability reports can be seen in Table 3 until Table 6.

Table 3 Percentage of General Information Indicator Disclosure in SME Sustainability Reports

Category	Indicator Code	Indicator Name	Number of SME	Disclosure Percentage
General Information	GI1	Company name	25	100%
	GI2	Company brands, activities, and products/services		100%
	GI3	Location of company's head office and business		100%
	GI4	Company's ownership and legal structure		76%
	GI5	Markets covered		52%
	GI6	Company size		80%
	GI7	Employees and other workers information		52%
	GI8	Values, principles, standards, and norms of behaviour		92%
	GI9	Executive management of economic, environmental, and social issues		100%
	GI10	List of stakeholder groups and approach to stakeholder engagement		100%
	GI11	List of material topics		100%
	GI12	Point of contact for inquiries about the report		88%

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It can be seen in Table 3 that most of the general indicators related to the information contained in the guide have been disclosed in the SME sustainability report. The indicators GI5 ("Market covered") and GI7 ("Employees and other workers information") are the two lowest indicators disclosed in the SME sustainability report, with only 52% of 25 SMEs that disclosed information related to these two indicators. We also found that in the sustainability report, the completeness of the information disclosed by SMEs in the sustainability report varies greatly due to financial and time constraints faced by each SME, thus limiting the information and indicators that can be disclosed in the report (Calabrese et al., 2016). Some SMEs disclosed complete and extensive information with full documents, while some SMEs only disclosed very little information in their sustainability reports.

SMEs also disclosed other information related to the general information mentioned in the guideline, such as sustainability report reporting period, reporting period, and reporting claims based on GRI standards. In addition, data on the percentage of economic indicators disclosed in the SME sustainability report are presented in Table 4.

Table 4. Percentage of Economic Indicator Disclosure in SME Sustainability Reports

Category	Indicator Code	Indicator Name	Number of SME	Disclosure Percentage
Economy	EC1	Direct economic impacts	25	80%

It can be seen in Table 4 that the majority (80%) of SMEs revealed direct economic impact in their sustainability reports. As stated by prior studies, the economic impact is the main information disclosed by Indonesian companies in their sustainability reports (Sihotang and Effendi, 2011), which is the most used indicator to represent the companies' business performance (Utami, 2015).

We asked the SMEs several questions related to this indicator, such as the nominal amount of revenue, general and administrative expenses, salary expenses, transportation expenses, fuel and electricity expenses, Internet, telephone and water expenses, and other operating and non-operating expenses. Most SMEs respond to estimated amounts rather than the actual amount of revenues and expenses, while some SMEs do not specify the expenses incurred in their sustainability reports. In addition to the information mentioned in the guideline, SMEs also disclose other information related to economic information, such as financial assistance from the government, infrastructure development, major indirect economic impact, procurement from local suppliers, and anti-corruption policies.

Despite the economic information, data on the percentage of environmental indicator disclosure in SME sustainability reports are presented in Table 5.

Table 5. Percentage of Environmental Indicator Disclosure in SME Sustainability Reports

Category	Indicator Code	Indicator Name	Number of SME	Disclosure Percentage
Environmental	EN1	Weight/volume of materials used	25	28%
	EN2	Company's energy consumption		64%
	EN3	Reduction of energy consumption		76%

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	EN4	Water consumption	44%
	EN5	Recycling and reuse of water	28%
	EN6	Information on the company's waste	84%

In terms of water use, 44% of the 25 SMEs disclosed their estimated monthly water consumption, while only 28% of the 25 SMEs recycle or reuse water. In terms of waste disposal, most (78%) SMEs have separated waste according to its type and disposed of it according to the type of waste. In addition to the content mentioned in the guideline, SMEs also disclose other information related to environmental information, such as groundwater extraction, public/private water supply services, site restoration, reuse or recycling of waste generated, selection of suppliers meeting the following conditions take environmental issues into consideration. Data on the percentage of social indicators disclosed in the SME sustainability report will be listed in Table 6.

Table 6. Percentage of Social Indicator Disclosure in SME Sustainability Reports

Category	Indicator Code	Indicator Name	Number of SME	Disclosure Percentage
Social	SO1	New employee hires and employee turnover	25	8%
	SO2	Employee remuneration and allowances		100%
	SO3	Health and safety in workplace		64%
	SO4	Employee training		48%
	SO5	Evaluation of impacts on health and safety		28%
	SO6	Non-compliance incidents related to health and safety		16%

It can be seen from Table 6 that the SO1 disclosure rate is the smallest, only 8%. This is because some SMEs have a small number of employees, and the employee turnover rate is not calculated. For indicator SO6, the percentage of disclosure is 16%, in which 16% of the 25 SMEs reported incidents in their sustainability reports. In the sustainability report, 28% of the 25 SMEs disclosed SO5. Some small and medium-sized enterprises (48%) also pay attention to the quality of the workforce, as evidenced by training activities to improve employee performance based on SO4 indicators. The majority (64%) of SMEs have also been concerned about the occupational health and safety of their employees.

All SMEs have disclosed information related to SO2 indicators in their sustainability reports. SMEs also disclose other information related to social information in addition to what is mentioned in the guidelines, such as: minimum notification period regarding operational changes, types of work accidents and rates of work accidents, workers with a high risk of accidents or dangerous diseases related to their work, prevention and mitigation of occupational safety and health impacts that are directly related to business relationships, diversity of governance bodies and employees, incidents of discrimination and corrective actions are taken, child labour, compulsory labour, operations with local community involvement, impact assessment, and program development.

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We also analyze the feedback obtained from SMEs regarding the guidelines. More than 50% of SMEs think that the new sustainability reporting guidelines are fairly easy to understand, and they are willing to make a sustainability report again in the following year. Some of the inputs from SMEs are as follows: (1) The number of questions contained in the questionnaire (the number of indicators that must be filled in by SMEs) is quite a lot; some small and medium-sized enterprises require that the number of questions is reduced in order to complete them more easily and faster; (2) Some issues are considered too difficult to obtain data on the size of SMEs, such as the calculation of waste generated.

DISCUSSION

To develop effective sustainability reporting, we use the process model developed by Global Reporting Initiatives (GRI). The process model consists of five stages: (1) preparation, (2) connecting, (3) defining, (4) monitoring, and (5) reporting. The preparation stage is the first step in the sustainability reporting process. At this stage, we helped introduce sustainability issues to SMEs. We also explained the concept of the sustainability report, the benefits of sustainability reporting for SMEs, and the guideline that we made to all of the SMEs. After that, we had a meeting with all SMEs to establish the reporting team that would be in charge of developing the sustainability report for each SME. We also made an action plan for making a sustainability report with SMEs.

The second stage is the connecting stage. At this stage, SMEs' management must be able to identify their external and internal stakeholder. They held discussion meetings or interviews to find material issues for each stakeholder. After obtaining a list of important sustainability issues according to stakeholders, it will continue to the third stage, defining. At this stage, SMEs should be able to determine which issues are important and should be included in their sustainability reports. Relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental, and social impacts or influencing the decisions of stakeholders. Information on the materiality level can also be derived from the information that is most significant and required by the stakeholders in the company.

The next stage is the monitoring, in which the SME teams provide data according to the guideline we made. Then, we examined whether the data provided was in accordance with the guideline. We also provided assistance for SMEs that were experiencing difficulties. At this stage, the SMEs also present a sustainability report to receive feedback to improve their sustainability reports. After revising the sustainability report according to the inputs obtained, the SMEs entered the last reporting stage. In this stage, the SMEs issued or published their sustainability reports.

CONCLUSION & FURTHER RESEARCH

The existing sustainability reporting guidelines have many indicators, which are difficult to disclose for SMEs with generally limited resources and knowledge. Therefore, the indicators that we formulate in this guide are less than the existing sustainability reporting standards, which must be disclosed in the SME sustainability report. The guideline only contains 25 indicators that are recommended to be disclosed in the SME sustainability report: 12 general information indicators, 1 economic indicator, 6 environmental indicators, and 6 social indicators. According to the survey results, the majority (more than 50%) of SMEs believe that the guidelines are fairly easy to

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implement. Most SMEs (over 50%) also stated that they would use the guide to prepare another sustainability report next year.

The sustainability reporting guidelines have been applied to 25 SMEs in Indonesia. Among the 12 indicators related to general information, more than 50% of SMEs have disclosed in the sustainability report. Economic indicators have also been disclosed by all SMEs in their sustainability reports. For environmental indicators, the disclosure rate of EN1 ("Materials used by weight or volume"), EN4 ("Water consumption"), and EN5 ("Recycling and reuse of water") are less than 50%. This is because SMEs did not observe or calculate these three indicators. For social indicators, the disclosure ratios of SO1 ("New employee hires and employee turnover"), SO4 ("Training and education"), SO5 ("Assessment of the health and safety impacts of product and service categories"), and SO6 ("Incidents of non-compliance concerning the health and safety impacts of products and services") are all less than 50%.

The limitation of this study is that the number of SMEs included in the study is still very small (only 25), and most of them are located on the island of Java. For future research, it is hoped that more SMEs can be adopted and distributed evenly throughout Indonesia in order to obtain more accurate results.

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