

Environmental responsibility and disclosures by SMEs: Issues, challenges, and future directions

Environmental responsibility and associated disclosures/reporting are a growing concern for businesses of all sizes including small- and medium-sized enterprises (SMEs). However, the diversity of SME characteristics, their opportunities, constraints, and the individual, national, and cultural differences among SMEs have resulted in a rather fragmented literature. This Special Issue will focus specifically on questions of environmental accounting and reporting instruments and behaviors of SMEs. By doing so, we aim to put together conceptual and empirical papers that address environmental accountability of SMEs and associated challenges.

Businesses of all sizes are increasingly becoming aware that environmentally responsible business practices are fundamental to their own sustenance as well as well-being of economies they operate in. Stakeholders including customers, employees, and suppliers are expecting businesses, regardless of their size, to account for their environmental responsibility. In this context, effective environmental communication is seen as a key component of a successful natural environmental business strategy (Hart, 1995). In Europe, the Non-Financial Reporting Directive (2014/95/EU) provides guidelines that require large public interest entities to report climate change related information. There seems also to be a consensus that the demand for such reporting will continue to grow. This is demonstrated by the European Commission (EC) public consultation on the revision of the non-financial reporting directive (EC, 2020) and subsequently the EC mandate for the European Financial Reporting Advisory Group (EFRAG) to undertake preparatory work for the elaboration of possible EU non-financial reporting standards.

In the case of SMEs (which generally account for about 90% of businesses worldwide) no regulations of this nature currently exist and this is perceived as a problem. The main pressure for SMEs to account for environmental responsibility seems to relate to supply chains and reputational risk (Arena & Azzone, 2012; Dey et al., 2019; Williamson et al., 2006). However, as evidence from larger businesses and the limited available from SMEs suggests, responsible environmental behavior and related disclosures can have an overall positive effect on business operations (Brammer et al., 2012; Qiu et al., 2016; Sánchez-Medina et al., 2015). Yet the debate on how SMEs should respond to the demand for being accountable and responsible for their environment-related issues lacks an informed underpinning of evidence. As a result, SMEs tend to use guidelines developed for larger corporations, which can be challenging as SMEs have less resources (Baumann-Pauly et al., 2013; Parsa & Kouhy, 2008; Ramos et al., 2013).

The purpose of this Special Issue is to gain a deeper as well as broader understanding of business practices and disclosures on environmental issues in SMEs. So far, several relevant questions have only received limited academic attention: What factors influence responsible environmental practices/disclosures in SMEs (Brammer et al., 2012; Eweje, 2020; Knight et al., 2019; Kolk, 1999)? How can existing guidelines such as the GRI standard for sustainability reporting be made manageable for SMEs (Calabrese et al., 2016)? How do SMEs manage and document their practices in different institutional environments (Amaeshi et al., 2016)? How do small businesses differ from medium-sized businesses in how they manage and report their social and environmental responsibility (Preuss & Perschke, 2010)?

This Special Issue will primarily comprise of cutting-edge, state-of-the-art studies that address the fundamental questions of what, when, how, and why environmental responsibility, accountability, and disclosures could work for SMEs. What are the firm, industry, national, and international level factors that facilitate efficient and effective SME environmental responsibility and disclosures?

The proposed Special Issue will include contributions on the following topics (the list is indicative rather than exhaustive):

- Accountability and disclosures by SMEs and the way in which this is monitored by stakeholders;
- How SMEs use environmental management systems and/or reporting guidelines, which ones are selected and how they are adjusted to meet specific requirements;
- Financial implications of environmental responsibility and disclosures for SMEs;
- Cost and benefits of disclosures;
- Industry specific practices and disclosures in SMEs;
- Risks, their assessment, in accounting and management in SMEs;
- Role of accountants, lenders, suppliers, and investors in promoting CSR-related best practices in SMEs;
- The role of key contextual factors like relevant regulation and trade associations in promoting accountability and disclosures in SMEs;
- National and regional level differences in practices and disclosures in SMEs.

It welcomes research papers that make a theoretical and/or empirical contribution to our knowledge on the efficient and effective environmental responsibility and related accountability, performance, and disclosures by SMEs. Papers on policies, structures, and processes

that facilitate or hinder effective and efficient environmental practices, performance, and disclosures by SMEs are also welcome. It is anticipated that the papers in this Special Issue will further our knowledge of what currently is effective in terms of responsibility, sustainability, and its reporting by SMEs. Importantly, it is expected that submitted papers will identify areas and issues that need to be researched further as well as informing relevant policy and practice so that these businesses can move forward confidently in the environmentally and socially sensitive climate of the 21st century.

Submission and deadlines

- A Paper Development Workshop (PDW) will be organized and hosted by the Guest Editors on **June 4, 2021** (online via Zoom) to provide feedback and guidance. Participation in the PDW is encouraged but **not required** for submission to the Special Issue.
- The PDW welcomes submissions of **preliminary paper drafts** or **extended abstracts** (of 2,000 words minimum).
- The submission deadline for the PDW is **May 1, 2021** (ccho@schulich.yorku.ca).
- The submission deadline for the Special Issue is **December 1, 2021** (ccho@schulich.yorku.ca).
- All submissions to the Special Issue will be reviewed in accordance with *Business Strategy and the Environment's* editorial process.
- The Special Issue is expected to be published in 2023.
- Please check the journal's instructions for authors before submitting.
- The Guest Editors welcome inquiries and declarations of interest in submitting.

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