



## **SPECIAL ISSUE**

### **Connecting Environmental, Social and Governance (ESG) aspects with value creation in small and medium-sized enterprises**

#### **GUEST EDITORS**

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The latest UN climate change report on emissions (UN, 2022) reminds us of the urgent need for changing consumption and production practices to reduce the carbon footprint and operate in a more sustainable way. Newspapers and media highlight an increasing customers' demand for more sustainable products and sustainable business practices (Huang et al., 2023; Barrone et al., 2013). The finance world pay a growing attention to ESG (Environment, Social, Governance) issues that impact on economic stability (Chiaramonte et al., 2022) and, consequently, have become a priority for many supervisory bodies of the financial market and banking sector (ECB, 2020; EBA, 2021). At the same time, governments of many countries have started to set mandatory provisions (or strengthen existing provisions) that require large companies to assess and disclose their impact on society and the environment (Haji et al., 2023).

To face this changing context, organizations respond by increasing stakeholder engagement and communication (Ruiz et al., 2021; Herremans et al., 2016) and by transforming their business model in the light of sustainability and circular economy (Geissdoerfer et al., 2018; Linder and Williander, 2017; Cano-Rubio et al., 2021; Maglio et al., 2021). In addition, two recent phenomena shall be mentioned. First, more and more new ventures 'born to be sustainable' enter existing markets (Allal-Chérif et al., 2023). Second, new forms of hybrid firms that combine goals of profit seeking and social positive impact are diffusing worldwide (Battilana et al., 2017) and most of them are represented by SMEs. In this vein, Benefit corporations (Nigri et al., 2020; Gazzola et al., 2019) are deemed as promising and innovative business models vehicles derived from their prosocial orientation.

Organizations of all types and size have understood that investments in sustainability contribute to value creation (Aureli et al., 2020), generate opportunities, risk mitigation, cost reductions and long-term survival. Both legitimacy and institutional theory explain that companies increase sustainable practices because motivated to gain the approval of the institutional environment that exert regulatory, normative, cognitive and mimetic pressures (DiMaggio & Powell, 1983). However, also values and business ethics explain corporate's commitment toward sustainability (Freeman and Auster, 2011), contending that sustainability is not mere greenwashing, or a marketing strategy used to attract "green clients".

This increasing attention on environmental, social and governance (ESG) issues no longer limited to large corporations that easily fall under consumers' scrutiny and criticisms due to their size of operations (Del Baldo, 2012). Small and medium-size enterprises are also called to contribute to a more sustainable development and regulators are starting to ask them to be more accountable and transparent on non-financial aspects (Calace, 2014; Bikefe et al., 2020; . The European Union is at the forefront on this matter with its latest Corporate Social Responsibility Directive (CSRD) that expands disclosure obligations for large undertakings listed in regulated markets and introduces new reporting standards for small and medium-sized companies). Prompted by the European Commission, EFRAG is also preparing new voluntary sustainability reporting standards that may apply to small- and medium-sized undertakings that are not falling in the scope of CSRD (EFAA, 2017). This coercive pressure has important managerial and practical implications: more and more companies should identify if they are subject to CSRD reporting or decide whether to start voluntarily disclosing ESG information, and consequently, begin building the processes, procedures and internal controls necessary to implement and report ESG policies (Scarpellini et al., 2020; Aureli et al., 2020). Reporting for topical social and environmental matters may push businesses to rethink their current strategies in the light of sustainability.

Yet, many smaller firms still struggle to adopt a sustainable business model (Bikefe et al., 2020; Trequattrini et al., 2021) and report their non-financial performance. For example, SMEs encounter several difficulties in embracing circular economy practices (Rizos et al., 2016), although being aware of the greater sustainability performance associated to them (Dey et al., 2022). Creation of supply chains and networks of firms based on sustainability and circular economy represent a difficult challenge (Parida and Wincent, 2019; Scipioni et al. 2021). Evidence on SMEs' sustainability and integrated reporting often refer to case studies (Barbaritano and Savelli, 2020), while large quantitative studies are lacking (De Villiers et al., 2020; Del Baldo, 2017). Some studies have pointed out differences in disclosure between large companies and SMEs (Dias et al., 2019) and investigated the factors hindering sustainability reporting of SMEs (Cavicchi et al., 2022). SMEs have fewer resources to report nonfinancial information (Baumann et al., 2013; Calace, 2014). However, this does not mean that they do not behave in a sustainable way or do not have a sustainable culture (Wehrmeyer et al., 2019). Several scholars argued that SMEs adopt extensive and even more-authentically driven corporate social responsibility (CSR) practices since they are not opportunistic and externally driven oriented (Graafland et al., 2003; Del Baldo, 2012). In other words, they put in practice the CSR walk, rather than the CSR talk (Del Schoeneborn et al., 2020).

Given the above, we invite contributions that offer theoretical reflections on SMEs' commitment toward sustainability and/or practical solutions to overcome SMEs' barriers in adopting and reporting CSR. Contributions that focus on the intersection of sustainability, circular economy, value creation, and decision making are highly welcome. Submissions are welcome from a wide range of theoretical, methodological, and empirical approaches. Possible themes include (but are not limited to):

- Voluntary or mandatory reporting on social and environmental issues for SMEs
- Integrated reporting, CSR reporting and SDGs reporting for SMEs
- Organizational changes and information systems transformation to support sustainable strategies and ESG performance measurement
- Climate change challenges for SMEs
- Small and medium-sized benefit corporations
- Education for sustainability
- Sustainable business models in SMEs
- Circular economy practices in SMEs
- Sustainable entrepreneurship
- Sustainable finance for SMEs/financing the green transition
- Assessing sustainability risks and bank lending toward SMEs

## **DEADLINES**

Full paper submission: July, 30<sup>th</sup>, 2023

Notification of acceptance for review/rejection: September, 15<sup>th</sup>, 2023

Deadline to submit the revised version: November 30<sup>th</sup>, 2023

Notification of final acceptance/rejection: December 31<sup>st</sup>, 2023

All articles will be subject to the standard double-blind review process.

## **PRACTICALITIES**

Full papers should be submitted through the online platform <http://rivistapiccolaimpresa.uniurb.it/>

The platform and the guidelines can be browsed also in English by using the button “selection language” on the top right side of the home page. Authors will be first requested to fill in the section “Registrazione/Registration”; then, they will need to click on “Nuova Proposta/New Proposal” in the section “Cruscotto/Dashboard” to upload the files related to their submission. All the papers need to strictly adhere to the specific guidelines of the journal that can be found at this link:

<http://rivistapiccolaimpresa.uniurb.it/index.php/piccola/about/submissions#authorGuidelines>.

Authors are required to select this special issue when submitting their manuscript on the platform.

## **ABOUT THE JOURNAL**

Piccola Impresa/Small Business Journal aims to contribute to the study and diffusion of knowledge on small-sized entrepreneurial firms. It is an academic journal with international vocation, dedicated specifically to the investigation and theoretical reflection on the administration and management of small businesses, their role in the economy, as well as the policies and regulations they face. Piccola Impresa/Small Business is an open access journal. Accepted articles will be published free of charge.

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