

Implementation of GRI and SDGs Achievements in MSMEs Sustainability Report

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Abstrak

Tujuan – Penelitian ini bertujuan untuk menganalisis penerapan Global Reporting Initiative (GRI) dan pencapaian Sustainable Development Goals (SDGs) bagi pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) dalam konteks pelaporan keberlanjutan, serta untuk memahami faktor-faktor yang mendasari keberhasilan atau tantangan dalam penerapan prinsip-prinsip keberlanjutan ini pada UMKM

Desain/Metodologi/Pendekatan – Penelitian ini menggunakan pendekatan kualitatif dengan metode studi kasus. Data dikumpulkan melalui wawancara semi-terstruktur dengan pemilik atau pengelola UMKM di Indonesia. Sebanyak 12 UMKM dari berbagai sektor di Pulau Jawa dipilih sebagai sampel penelitian. Analisis data dilakukan dengan metode scoring untuk mengidentifikasi dan menginterpretasi praktik GRI dan SDGs yang telah diterapkan oleh UMKM.

Temuan – Hasil penelitian menunjukkan bahwa tingkat pengungkapan GRI dan implementasi SDGs pada UMKM di Indonesia masih bervariasi. Sebagian besar UMKM telah memiliki pemahaman tentang pentingnya keberlanjutan, namun implementasinya masih terbatas pada aspek-aspek dasar seperti efisiensi energi dan pengelolaan limbah. Tantangan utama yang dihadapi UMKM adalah keterbatasan sumber daya, kurangnya pemahaman tentang standar pelaporan, dan tekanan biaya.

Keterbatasan/implikasi Penelitian – Penelitian ini memiliki dampak pada pengembangan teori tentang penerapan GRI dan pencapaian SDGs dalam konteks UMKM. Penelitian ini memiliki keterbatasan pada ukuran sampel yang relatif kecil dan fokus pada UMKM di Pulau Jawa sehingga hasilnya mungkin tidak dapat digeneralisasi untuk seluruh UMKM di Indonesia. Penelitian selanjutnya dapat melibatkan sampel yang lebih besar dan beragam.

Keywords: GRI, Laporan Keberlanjutan, SDGs, UMKM



Abstract

Purpose – This study aims to analyze how the implementation of the Global Reporting Initiative (GRI) and the achievement of Sustainable Development Goals (SDGs) by Micro, Small, and Medium Enterprises (MSMEs) affects their sustainability reporting, as well as to understand the factors underlying the success or challenges in applying these sustainability principles to MSMEs.

Design/methodology/approach – This study uses a qualitative approach with a case study method. Data were collected through semi-structured interviews with owners or managers of MSMEs in Indonesia. A total of 12 MSMEs from various sectors on the island of Java were selected as research samples. Data analysis was conducted using a scoring method to identify and interpret the GRI and SDGs practices implemented by MSMEs

Findings – The study results indicate that the level of GRI disclosure and SDGs implementation in MSMEs in Indonesia varies. Most MSMEs have an understanding of the importance of sustainability, but their implementation is still limited to basic aspects such as energy efficiency and waste management. The main challenges faced by MSMEs are limited resources, lack of understanding of reporting standards, and cost pressures.

Research limitations/implications – This research has an impact on the development of theories regarding the implementation of GRI and the achievement of SDGs in the context of MSMEs. This study has limitations in the relatively small sample size and focus on MSMEs in Java, so the results may not be generalizable to all MSMEs in Indonesia. Future research can involve larger and more diverse samples

Keywords: GRI, Sustainability Report, SDGs, MSMEs

Introduction

In recent times, the concept of sustainability has attracted considerable focus from communities globally. Many challenges such as climate change, deforestation, pollution, and waste management must be addressed to achieve sustainability in the future (Gunay *et al.*, 2022). Some operations, connections, or organizations are labeled “unsustainable” because they are associated with social, economic, and environmental violations. Understanding business participants is essential for sustaining harmony between economic, ecological conservation and societal well being; it cannot be ignored. Companies from all the world are starting to implement sustainability practices into their business strategies. (Hasanuddin *et al.*, 2023).

The importance of sustainability has persuaded the United Nation (UN) to

develop the Sustainable Development Goals (SDGs) with a global framework that focuses on achieving sustainable practice in multiple sectors. SDGs were closely related to the concept of sustainability with a group effort to build a sustainable future. SDGs were designated by the United Nations during the Rio de Janeiro conference which was held in 2012 and officially legitimized in 2015 (Filho *et al.*, 2018).

In the business world, organizations and business leaders are highly important to reaching these objectives, especially by adopting ethical business methods. A first step taken as a concrete initiative is preparation of Sustainability Report (SR) referring to standar Global Reporting Index (GRI) (Faustina, 2023). Sustainability Report not only increases transparency and accountability but also helps to identify the

social and environmental impacts resulting from business activities (Agustina, 2024).

The implementation of SR has driven companies to increase transparency and accountability in communicating sustainability practices in their operation. Companies with good ESG (Environmental, Social, and Governance) performance intend to be more attractive to stakeholders (Siregar *et al.*, 2024). Providing comprehensive information on sustainable practices can offer the benefits to companies by increasing trust from stakeholders.

Sustainability responsibilities are not only for large corporations but also for Micro, Small, and Medium Enterprise (MSMEs), which are the main pillar of the economy in many countries and this includes Indonesia (Sinha *et al.*, 2024). Although MSMEs function at a smaller level but the aggregated effect of their practices MSMEs function at a smaller level, the impact of their practices and environment is significant. By adopting sustainability related principles and developing SR, MSMEs can also improve their competitiveness, attract more investors, and achieve opportunities to access wider markets.

Enforcement of sustainability can help MSMEs to comply with increasingly rigorous environmental and social standards (Harahap *et al.*, 2023). Implementing the SDGs and engaging SR in the MSMEs is crucial to help ensure the economic progress is aligned with universally recognized sustainability norms. Detailed SR can open up opportunities for MSMEs looking to expand their business internationally.

The most commonly used framework for SR-related reporting in many countries is the Global Reporting Initiative (GRI) Standard. Companies are expected to disclose information related to their performance in the economic, social and environmental fields. Most companies in Indonesia have adopted GRI into their sustainability reports (Susanto *et al.*, 2022).

This study has the objective to analyze the implementation of GRI and SDGs in the SRs of MSMEs to assess the extent to which MSMEs can adopt sustainability standards. This research can help address literature gaps by focusing on the use of GRI and SDGs in the MSME sector. By evaluating GRI and SDGs separately, this study can provide a more in-depth analysis of the extent to which MSMEs can adopt sustainability standards from two different perspectives. This study not only quantitatively assesses how sustainability is adopted by MSMEs but also explores the motivations behind why MSMEs choose to adopt or not use sustainability metrics as a whole to gain a more comprehensive understanding.

The findings of this study can help identify the main challenges in implementing sustainability standards faced by MSMEs in terms of resources, regulations, and awareness of the benefits received. The findings can also serve as a basis for governments, financial institutions, and other relevant organizations to create policies that are more supportive of MSMEs such as offering incentives, providing training, or streamlining sustainability-related regulations. This research not only provides academic insights but also presents solutions that can encourage MSMEs to take a more active role in sustainability implementation.

Literature Review & Hypothesis

Sustainability

Sustainable development is needed to meet the needs of the current generation without compromising the needs of future generations (Church *et al.*, 2022). Sustainability has three main pillars: economic, social and environmental. These pillars were developed to achieve sustainable development without focusing on just one aspect (Suparmoko, 2020).

Changes in the concept of sustainability have similarities with the

progress of SR preparation which is reflected by a deeper understanding of the balance of aspects such as economic, social and environmental. The concept of sustainability is increasingly evolving and in line with changing global trends that encourage companies and organizations to be more transparent in reporting their environmental and social impacts. Sustainability reports can show a company's dedication to implementing sustainability values to create a better future for generations to come (Tsalis *et al.*, 2020).

Sustainability Reports

Sustainability reports are important in understanding and conducting sustainable business practices to improve transparency, responsibility and maintain strong relationships with stakeholders (Agustina, 2024). At first, sustainability reports focus only on social responsibility issues driven by strong demands from various community groups, especially on the environment to protect natural resources for future generations. Sustainability is about achieving a balance between social, environmental and economic aspects known as the Triple Bottom Line concept (Coghlan, 2019).

Sustainability has a 3-dimensional delivery of the main 3-dimensional community-social, environmental-planetary, and economic-gains. The company shall be responsible for the positive and negative impacts on economic, social and environmental aspects. These three pillars need to be managed appropriately and together to achieve effective and lasting sustainable development (Clune & Zehnder, 2020). Sustainability is not only about profit but the company should also consider environmental and social aspects. Sustainability reports have a positive impact on companies by building trust, raising capital and increasing their competitive advantage (Amin *et al.*, 2024; Taliento *et al.*, 2019).

Global Reporting Initiative (GRI)

GRI 2021 is the latest standard that can be applied across all sustainability reports. Its purpose is to enhance quality and transparency of performance that has been performed from the environmental, economic and social aspect. GRI standards are recognized worldwide and provide a structure for sustainability communication. They are especially important in developing nations, where these guidelines facilitate greater transparency and help increase trust from stakeholders (Khan *et al.*, 2023).

The universal GRI Standards consist of three main disclosures: GRI 1 through GRI 3. GRI 1 is titled "Foundation", providing plans on the basic requirements and principles to be followed in reporting. The 2021 version of the Foundation introduces GRI Standard goals and systems and outlines key concepts related to sustainability reporting. In addition, the Foundation sets the reporting criteria and principles that organizations need to follow to comply with GRI Standards (GRI, 2021).

GRI 2 covers the disclosure of basic information about the organization, which is necessary for stakeholders to thoroughly understand the sustainability report. This standard applies to all types of organizations, whether large corporations, small enterprises, public sector entities, or nonprofits. The primary goal of GRI 2 is to provide a clearer understanding of an organization's sustainability context and disclose relevant information regarding governance, strategies, and the organization's commitment to sustainability. Through these disclosures, stakeholders can assess the transparency and credibility of organizations in managing their social, environmental, and economic impacts (GRI, 2021).

GRI 3 engages in talks regarding "material topics" and acts as a practical manual for organizations to identify which subjects are viewed as significant. This includes processes for identifying material topics, a list of material topics to consider,

and the management of those topics effectively (GRI, 2021).

The GRI 200 Topic Standards focus on Economic Performance Aspects with seven standards, outlined in Standards 201–207. These standards are relevant to corporate sustainability assisting organizations in transparently and responsibly reporting their economic impacts. They include disclosures on the organization's contribution to the economy, the distribution of generated economic value, and how the organization interacts with local and global economies in a sustainability context. The goal of these standards is to help organizations identify and communicate their economic impacts transparently to stakeholders. Consequently, GRI 200 enables stakeholders—including investors, customers, and communities—to thoroughly assess an organization's impact on the economy (GRI, 2021).

The GRI 300 Topic Standards pertain to Environmental Performance Aspects and consist of eight standards, outlined in Standards 301–308. These standards focus on the environmental impacts of corporate activities and are designed to help organizations communicate how they manage and mitigate the environmental impacts caused by their operations. Additionally, they explore how businesses contribute to the broader scope of environmental sustainability (GRI, 2021).

The GRI 400 Topic Standards cover Social Performance Aspects and comprise 18 standards, detailed in Standards 401–418. These standards emphasize various social dimensions pertinent to corporate sustainability and instruct organizations to share details about their engagements with communities, employees, consumers, and other stakeholders, as well as the societal impacts of their operation. These standards are crucial because they highlight that sustainability encompasses not just environmental and economic dimensions, but also social elements. This includes issues such as human rights,

working conditions, community engagement, and consumer protection (GRI, 2021).

Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) are a set of 17 global goals agreed in 2015 by all UN member states aimed at creating a better and more sustainable world by 2030. The main goal of the SDG is to achieve a balance between economic growth, social justice and environmental protection. The SDGs have prioritized inclusive and sustainable growth, which takes into account not only economic progress but also the importance of social welfare and environmental protection. This goal integrates economic, social and environmental dimensions into global policies and actions (Filho *et al.*, 2018; Effendi & Mardiana, 2024).



Figure 1
Sustainable Development Goals

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (SMEs) are defined as productive business activities that are independently operated and managed by individuals or entities that are not affiliated with subsidiaries or branches of large corporations. SMEs are essential for job creation, providing local communities with considerable financial benefits, and helping to distribute and increase revenue. Their classification is

determined by certain standards, including business size and ownership status, and is designed to provide appropriate regulations and support for each type of business (Aulia & Bagaskara, 2024).

Indonesia Central Statistics Service (BPS) provides a clearer standard for SMEs based on the size of labor. Small businesses are defined as business units that employ 5 to 19 workers, while medium companies employ 20 to 99 workers. This approach provides a measurable basis for classifying SMEs based on business size and labor capacity (Yolanda, 2024). Under the Act 20 Year 2008, SMEs are divided into three criteria. (Astuti & Herawati, 2024):

1. Micro Enterprises: Have a maximum net worth of Rp50.000.000,00 and annual revenue of up to Rp300.000.000,00.
2. Small Enterprises: Have a net worth of more than Rp50.000.000,00 to Rp500.000.000,00 and annual revenue of more than Rp300.000.000,00 to Rp2.500.000.000,00.
3. Medium Enterprises: Have a net worth of more than Rp500.000.000,00 to Rp10.000.000.000,00 and annual revenue of more than Rp2.500.000.000,00 to Rp50.000.000.000,00.

Research Method

The data collection in this research employs an approach through interviews with the owners or management of SMEs. The purpose of conducting interviews is to obtain information regarding business operations and their relation to GRI 2021 and the SDGs. This research targets a population located in Java Island due to the dense population of SMEs in Java, which serves as one of Indonesia's economic centers. The significant differences in sectors among SMEs in the Java region will be considered representative in understanding the implementation of GRI standards and the

achievement of SDGs at the SME level in Indonesia.

The selected MSMEs in this study include 4 MSMEs in West Java, 4 MSMEs in Jakarta, 2 MSMEs in Central Java, and 2 MSMEs in East Java. The selection of these 4 provinces is also based on the need to encompass the entire industrial region in Java and to reflect a variety of MSME types both in terms of sector and business capabilities. The selection of MSMEs spread across different regions aims to provide a more comprehensive picture of the implementation of sustainability principles and the achievement of SDG goals.

The method of conducting interviews utilizes two different online media, which are Zoom and WhatsApp. The use of these media aims to address the limitations regarding time or the necessity of physically meeting in the research areas of small and medium business owners, enabling them to easily participate. It is hoped that utilizing remote interview methods will facilitate a smooth data collection process, resulting in accurate information regarding the steps taken by small and medium enterprises to achieve sustainability objectives.

The data analysis method used in this study is a scoring method utilizing a nominal scale by assigning scores of 1 and 0 for indicators from GRI 2021 and the SDGs goals. A score of 1 indicates that MSMEs meet the GRI and SDGs goals, while a score of 0 indicates that the indicator is not met. This score is allocated based on information obtained from interviews, considering the alignment of company practices with the expected sustainability principles. The goal of this data analysis procedure is to simplify the assessment and comparison of MSMEs' compliance levels with sustainability standards systematically, encompassing both quantitative and qualitative aspects.

The scoring method is used in various studies to assess and compare the conformity of practices or reports with existing standards. The research conducted

by Susanto *et al.* (2022) in evaluating compliance with sustainability reporting through a scoring system aligns with GRI Standards. This study indicates that the scoring method will be effective in providing a clear and objective picture of compliance with established sustainability standards in terms of both content and reporting quality.

Using the scoring method has been proven, therefore this study aims to provide comprehensive analytical information on MSMEs in Java in applying the principles of sustainability and contribution to the achievement of the SDGs that have been carried out by MSMEs. This approach

allows for an easier and more measurable evaluation of the motivations carried out by MSMEs in fulfilling sustainability.

Results and Discussion

GRI Achievements

The figures listed in GRI 2, GRI 3, GRI 200, GRI 300, and GRI 400 for each MSME respondent analyzed represent the average scores obtained for each indicator within those respective GRIs. The results can be seen in the table below.

Table 1
Average Achievement of GRI Components

MSMEs	GRI				
	2	3	200	300	400
PT Bintang Tuiuh Unitet	0.50	1.00	0.44	0.20	0.30
CV Tri Anom	0.50	1.00	0.23	0.20	0.19
UD Urion	0.42	1.00	0.44	0.30	0.27
PT Adore Vanilla Indonesia	0.47	0.33	0.04	0.23	0.18
CV Centerindo Kurnia Tritama	0.51	1.00	0.25	0.33	0.25
CV Kirey Natural Taruno Abadi	0.49	1.00	0.32	0.32	0.32
CV Pangantama Makmur Abadi	0.49	1.00	0.25	0.20	0.22
CV. Morisama Sejahtera Indonesia 12	0.53	0.67	0.29	0.22	0.10
PT Karaban Valley Lestari	0.43	1.00	0.25	0.22	0.08
PT Rumah Makan Deltasari Indah	0.45	0.67	0.04	0.17	0.03
PT. Sae Mega Sejahtera Tbk	0.44	0.67	0.29	0.22	0.15
PT Vanilla Beans Indonesia	0.58	1.00	0.25	0.17	0.07
Average	0.48	0.86	0.26	0.23	0.18

Source: Data Processed (2025)

From the data, it is evident that MSMEs tend to perform better in meeting aspects covered under GRI 2 and GRI 3. The relatively high level of achievement in these areas indicates that MSMEs are fairly capable of identifying and reporting basic sustainability aspects. However, when shifting to more specific standards like GRI 200 (economic), GRI 300 (environmental), and GRI 400 (social), there is a significant drop in disclosures.

For GRI 2, the average achievement of MSMEs reaches only 0.48.

While MSMEs show some success in fulfilling certain aspects, they still face numerous challenges in measuring and disclosing performance in specific areas. These challenges include restating information, external assurance, the nomination and selection processes for the highest governance body, delegation of responsibilities, impact management, conflict of interest avoidance, communication on critical issues, collective understanding within the highest governance

body, evaluation of governance body performance, remuneration policies, remuneration determination processes, total annual compensation ratios, commitments to policies, efforts to mitigate negative impacts, and mechanisms for seeking advice and raising concerns.

In the GRI 200 category, the average disclosure achieved by MSMEs is 0.26. However, MSMEs face various challenges in comprehensively measuring and reporting their economic impacts. These challenges include obligations related to defined benefit pension programs and other pension schemes, as well as operations considered at risk of corruption. Moreover, they are required to communicate and provide training on anti-corruption policies and procedures, take legal actions against anti-competitive behavior, antitrust violations, and monopolistic practices. Other critical aspects involve their approach to taxation, governance, controls, and tax risk management, stakeholder engagement, addressing tax-related concerns, and country-by-country reporting.

In the environmental aspect measured by GRI 300, MSMEs' average disclosure stands at 0.23. This low achievement indicates difficulties in reporting topics such as the use of recycled material inputs, energy consumption outside the organization, energy intensity, water discharge, operational locations owned, leased, or managed within or adjacent to protected areas and areas with high biodiversity value outside protected zones. Additionally, MSMEs struggle with disclosing significant impacts of their activities, products, and services on biodiversity, the presence of IUCN Red List species and nationally conserved species in areas affected by their operations, Scope 2 (indirect energy-related) and Scope 3 (other indirect) greenhouse gas (GHG) emissions, GHG emission intensities, ozone-depleting substances (ODS) emissions, nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions. Other challenges

include hazardous waste transportation, bodies of water affected by discharge or runoff, negative environmental impacts in supply chains, and measures taken to address these issues resulting from their business activities.

In the social aspect represented by GRI 400, the average achievement of GRI standard disclosures by MSMEs is only 0.18. This indicates that MSMEs face significant challenges, particularly in disclosing issues such as the minimum notification period for operational changes, occupational diseases, operations and suppliers where the right to freedom of association and collective bargaining might be at risk, security personnel trained in human rights policies or procedures, incidents of violations involving indigenous peoples' rights, negative social impacts in the supply chain and the actions taken, political contributions, non-compliance incidents related to product and service information and labeling, non-compliance incidents related to marketing communications, substantiated complaints regarding breaches of customer privacy, and the loss of customer data resulting from their business activities.

The factors contributing to low disclosure rates in GRI 200, 300, and 400 categories are varied and closely interconnected. One primary factor is resource limitations, as MSME operators often work with restricted budgets and small staff sizes, making it challenging to allocate sufficient resources for sustainability reporting. MSMEs may lack awareness or an adequate understanding of GRI standards and the benefits of sustainability reporting. A lack of training, guidance, and deep technical knowledge about GRI standards can result in difficulties for MSMEs in collecting, analyzing, and reporting necessary data, which can hinder their transparency and accountability in sustainability reporting. Additionally, the significant scale differences between MSMEs and large corporations make implementing universal GRI standards

challenging, often leading to sustainability reports by MSMEs that are subjective in nature.

MSMEs show promising capabilities in identifying relevant material topics, but they need to strengthen their efforts in economic, environmental, and social aspects to achieve higher compliance with GRI standards. Support from the government, financial institutions, and related organizations is crucial to helping MSMEs overcome these challenges. With such support, MSMEs can contribute more

effectively to sustainable development, amplifying their positive impact on society and the environment.

SGDs Achievements

The figures presented in the graph for each MSME respondent analyzed represent the achievements obtained from all the indicators within the SDGs. The results are displayed in the following graph.

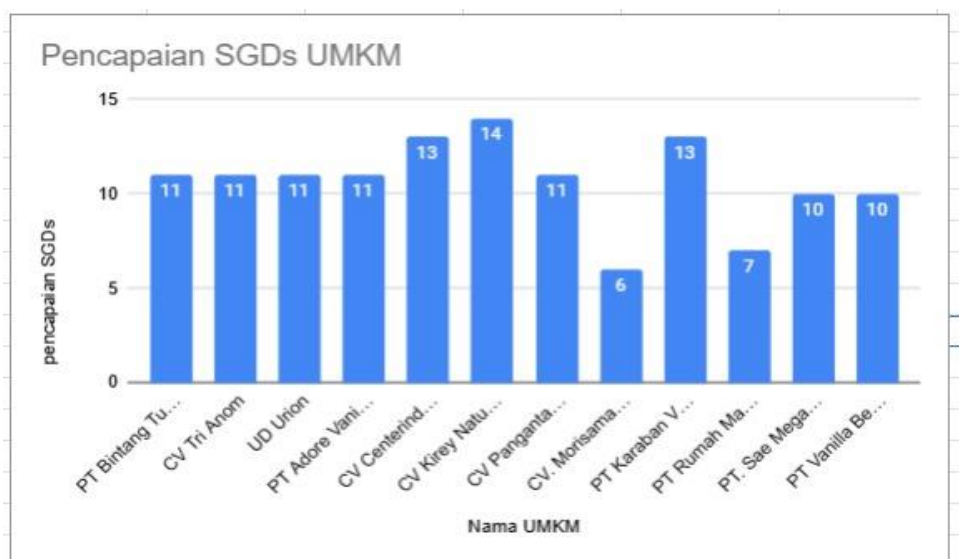


Figure 2
SDGs Achievement Graph
Source: Data Processed (2025)

In general, these findings highlight significant variation in achievement levels among MSMEs and across different goals, reflecting the complexity and diversity of challenges faced by this sector. Some MSMEs demonstrate strong performance in certain goals, while others lag behind and require further support. Certain SDG goals appear to be more easily achieved by MSMEs than others, indicating differences in resource availability, technical capacity,

and the relevance of the goals to the MSMEs' business models.

Goals such as Goal 6 (Clean Water and Sanitation), Goal 7 (Affordable and Clean Energy), Goal 8 (Decent Work and Economic Growth), and Goal 12 (Responsible Consumption and Production) show relatively high achievement levels among MSMEs in implementing SDGs. This demonstrates that these MSMEs have integrated sustainable practices into their

operations, such as energy efficiency, proper waste management, and fair labor practices. However, goals like Goal 13 (Climate Action), Goal 14 (Life Below Water), and Goal 16 (Peace, Justice, and Strong Institutions) show significantly low levels of achievement with some MSMEs not addressing these goals at all.

SDG goals such as peace, justice, and strong institutions involve complex and systemic issues. The low achievement levels in these goals can be attributed to several factors. A significant challenge is the lack of awareness and capacity among MSMEs. They often find it difficult to contribute substantially to these objectives, especially when operating in poorly structured environments. Many MSMEs may not fully understand the importance of these goals, or they may lack the knowledge and resources to implement practices that support them. Additionally, resource constraints, including limited budgets and small staff sizes, hinder their ability to invest in sustainability initiatives. Short-term business priorities, such as growth and profitability, also tend to take precedence over broader SDG considerations in strategic decision-making.

To improve MSMEs' contributions to the SDGs, collaborative efforts from various stakeholders are essential. Governments can provide policy support by introducing fiscal incentives, clear regulations, and effective enforcement mechanisms that encourage sustainable practices. Business associations and related organizations can play a vital role by offering training programs, technical assistance, and relevant information to improve the capacity of MSMEs in adopting SDG goals efficiently. Large corporations can also contribute by incorporating sustainability requirements into their supply chains and providing market access for sustainable MSME products and services. Furthermore, developing tailored and measurable SDG indicators for MSMEs, along with offering customized guidance and technical support, will empower

MSMEs to become more effective agents of change in achieving sustainable development goals.

Conclusion and Recommendation

This study examines the contributions of 12 MSMEs to achieving the Sustainable Development Goals (SDGs) and their compliance with the Global Reporting Initiative (GRI) standards. The findings demonstrate notable differences in the levels of SDG accomplishment and GRI adherence across the MSMEs examined. Overall, MSMEs perform better in aspects directly related to their business operations and more general GRI standards such as GRI 2 and GRI 3. However, there are substantial disparities in addressing more complex SDG goals and specific GRI standards, such as GRI 200, 300, and 400, as well as SDG goals related to climate action, life below water, and peace, justice, and strong institutions.

Several factors have been identified as contributing to the variation in SDG achievement and GRI compliance. A lack of awareness and capacity, resource constraints, and differing business priorities are the primary challenges for MSMEs. The complexity of GRI standards, particularly in environmental and social aspects, and issues related to certain SDG goals present unique difficulties for MSMEs in meeting these standards. Moreover, a lack of adequate encouragement and support from external stakeholders, combined with the size disparity between MSMEs and larger firms, also plays a role in the limited levels of achievement. A comprehensive and coordinated approach is necessary to enhance MSMEs' contributions to the SDGs and their compliance with GRI standards.

MSMEs need to enhance their awareness and understanding of the SDGs and GRI standards while integrating sustainability principles into their business strategies. They can start by identifying the SDG goals and GRI aspects most relevant to their business operations and developing

action plans to achieve these targets. MSMEs have the potential to harness technology and innovative approaches to enhance resource usage, lessen their environmental footprint, and meet GRI reporting standards. Collaboration with other stakeholders, such as suppliers, customers, and civil society organizations, can further help MSMEs improve their sustainability performance and reporting practices.

Governments and related parties must provide stronger support to MSMEs in achieving the SDGs and complying with GRI standards. Such support may encompass policies that advocate for sustainable methods and GRI compliance, along with financial and non-financial incentives, training opportunities, technical assistance, and improved access to resources and technology. SDG indicators and GRI standards need to be revised to make them more relevant and measurable for MSMEs by simplifying the reporting and verification processes. Enhancing collaborations among MSMEs, governmental bodies, the private sector, and civil society groups is vital for fostering a supportive environment for sustainability and clear reporting.

The achievement of SDGs and effective GRI reporting requires contributions from all parties, including the MSMEs themselves. With the right support, MSMEs can become effective initiators of change in achieving sustainable development goals while enhancing their transparency and accountability. This study provides valuable insights into the challenges and opportunities faced by MSMEs in achieving the SDGs and complying with GRI standards, along with recommendations to improve their contributions and compliance. It is anticipated that the results from this research can lay the groundwork for designing more effective strategies and initiatives aimed at aiding MSMEs in their pursuit of sustainability and effective reporting practices.

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