

# THE IMPORTANCE OF SMALL AND MEDIUM-SIZED COMPANIES FOR THE FUTURE OF SUSTAINABILITY REPORTING

*Dubravka Krivačić, PhD*

*Karlovac University of Applied Sciences, Karlovac, Croatia*

*dubravka.krivacic@vuka.hr*

## ABSTRACT

Until a few years ago, very few investors considered sustainability factors in decision-making processes, but today it is quite different. They are increasingly investing in business models with integrated sustainability factors. For entrepreneurs, this means pressure to integrate sustainability issues into their business, and to share information about it with a wider circle of stakeholders. There is a broad legal package in force in the EU that imposes specific obligations important for the development of sustainable business practices and sustainability reporting. The approach of the entire value chain is also adopting. In this regard, large entrepreneurs closely study the business models of their business partners, small and medium-sized entrepreneurs, demanding that they meet sustainability criteria, but also directing them towards sustainable business. Small and medium-sized entrepreneurs make up more than 90% of the total number of business entities in the world. They are a crucial driver of job creation and income generation, which is why they play a key role in creating a more sustainable economy, environment and society as a whole. What limits them from reporting on sustainability, how to overcome these limitations and achieve certain benefits through reporting, is the topic of this presentation. The aim is to point out the potential for the development and strengthening of sustainable business practices of small and medium-sized enterprises, but also the need to develop guidelines and standards for sustainability reporting for small and medium-sized enterprises, in order to ensure the quality of sustainability reporting in the future.

**Keywords:** *small and medium-sized enterprises, sustainability reporting, reporting standards*