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Sustainability Reporting In the Context of Small and Medium Business Enterprises in Kenya: A Conceptual Framework

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Abstract: *Extant literature consistent with the 2030 global agenda has pursued discussions on the construct of sustainable development separately from that of sustainability reporting and environmental regulations in spite of the inferred indications that the three can be assimilated to register impact on the performance of small and medium business enterprises. The purpose of this study is to provide a review of relevant theoretical and empirical literature on the perspectives associated with sustainable development in the context of small and medium business enterprises in Kenya. This study revealed that small and medium business enterprises face numerous constraints including under capitalization thus activities necessary for sustainable development are not a priority in favor of short-term economic interests. Further, streams of research on Sustainable Development Goals and business financial performance have returned conflicting results. This paper therefore argues that meaningful engagement by small and medium enterprises to allow integration of sustainable development concerns into their core operations is possible only if entrepreneurs understand the correlation between current business activities, the sustainability agenda and business financial performance based on empirical data. This study has identified nascent knowledge gaps and proposed a theoretical model to show the interaction of relevant variables for purposes of progressing knowledge and forming a basis for additional studies.*

Keywords: *Sustainable development Goals, sustainability reporting, regulatory framework, SME performance.*

I. Introduction

Small and medium business enterprises (SMEs) continue to make significant contribution towards delivering substantial increase in global wealth and improved standards of living through innovation, job creation, income generation and poverty alleviation (Banjoko, *et.al,* 2012; Haltiwanger, *et al.*, 2010). While their actual contribution to sustainable economic development differ because of their diverse nature, SMEs have been hailed as critical in facilitating balanced economic development because they can easily be undertaken in rural and semi-urban areas since they require relatively low investment to establish (Ayyagari, *et. al.*, 2012). This in turn creates additional employment in these areas and prevents migration of people from rural to urban areas with the consequent inadequate infrastructure and social ills (Haltiwanger, *et. al.*, 2010). Moreover, establishment of an SME sets in motion the process of industrialization because of the chain reaction. Though SMEs play a role in achieving the desired industrial and economic development objectives of an economy as observed by Sinha, *et. al.*, (2011), they like their larger counterparts have however been shown to also contribute towards increased inequality and global warming due to environmental degradation (Qi, *et. al.*, 2010). For instance, Parker *et al.* (2009) observed that SMEs are responsible for around 60 per cent of all carbon dioxide emissions and 70 per cent of all pollution. This continue to raise concerns on the role of SMEs in waste management and unsustainable use of resources that should be accessed by the current and future generations. For this reason, SMEs have a key role to play in supporting sustainable development (WCED, 1987).

Discussions have therefore been ongoing at the global arena on green growth so as to build consensus on best practices to enable the current generation meet resource needs of the present without compromising the ability of future generations to meet their own needs (Horback & Rennings, 2012; Hasan & Ali, 2015). Conversations have been on how to develop green products that meet the customer preferences and enterprise profitability, but also addresses environmental concerns (Tariyan, 2016). For this reason, the 2030 global agenda incorporating 17 Sustainable Development Goals (SDGs) and 169 targets was adopted by heads of state and government during a United Nations General Assembly on 25th September 2015 following intergovernmental negotiations. This was preceded by discussions carried over from the Rio+20 conference that culminated into the millennium development goals that metamorphosed into the SDGs (Pradhan, *et. al.*, 2017). The targets of sustainable development revolve around ending poverty in all its forms, zero hunger, health, education, gender equality, water and sanitation.

At the national level, Kenya's Development Agenda is anchored on vision 2030, whose key goal is the attainment of a nation living in a clean, secure and sustainable environment driven by the principles of sustainable development (RoK, 2007). Kenya's vision 2030 aims at transforming the country into a newly industrialized, middle-income country providing a high quality of life to all the citizenly. Harmonized with this is Kenya's economic blue print christened as the big four agenda grounded on four pillars of food security, universal health care, affordable housing and enhanced manufacturing. The objective of Kenya's big four agenda is to provide resolution to social economic challenges facing the country while fostering sustainable economic growth in tandem with the global sustainability agenda. These ideas on sustainable development need to be infused into the activities of small and medium businesses because their growth and development has an increasing impact on the environment (Mikušová, 2017). There is need therefore to explores ways in which small business enterprises can provide more meaningful contributions to governments' commitments towards global and national sustainability agenda based on empirical evidence. Relevant studies on sustainable development are useful in the design of sustainability policies and programs addressing environmental concerns, and also in coming up with capacity building guidelines and sustainability reporting to create stakeholder value that goes beyond the usual financials (Munjeyi, 2017).

II. Statement Of The Problem

Irresponsible utilization of non-renewable resources has been agued by environmental proponents to be unsustainable yet doubts still linger about the acceptability of going green and global warming, where some consider this as unreal and illusory in the market place (Linnenluecke & Griffiths, 2010). Different studies based on their constructs and operationalization, theoretical anchorage and research design employed, have consequently been carried out on dimensions of sustainable development seeking to establish a correlation between environmental care and SME profitability (Gatukui & Gatuse, 2014). A number of these studies along with in-depth interviews with business leaders and nongovernmental organizations were undertaken to establish if sustainability is seen as an opportunity or a mere drag on enterprise profitability. Some of these studies on the connection between environmental sustainability activities and business financial performance have returned conflicting results (King & Lenox, 2002). Many studies revealed that businesses prefer to implement activities geared towards sustainable development only if it is convenient and not detrimental to their financial interests (Woo, Chung, Chun, & Seo, 2014). In the same vein, Bornstein and Davis (2010) argued that implementing social entrepreneurship strategies enhances enterprise competitive positioning by attracting aware consumers. This finding is in line with Majumdar and Marcus (2001) observation that new green technologies could allow business to increase their productivity. This view is also supported by Žabkar, *et. al.*, (2013) who observed that sustainable development activities are important in building a competitive advantage from a managerial perspective. Other streams of research have established that some business owners are confused by new and poorly defined sustainability demands (Parker, *et. al.*, 2009); others lack clear leadership on sustainability practices (Ogalleh, *et. al.*, 2012); while others have recommended that reporting on sustainability needs to be well developed (KPMG, 2013); yet others have observed that uncertainty over government policy makes it difficult to plan strategies for corporate sustainability (Munjeyi, 2017).

To clarify issues and put in place appropriate mitigation measures to support for sustainable development, this study has identified three crosscutting issues that require adequate empirical evidence to inform decision making and substantial change in SME behaviour towards the realization of 2030 global and national sustainability agenda in Kenya (RoK, 2007). First, business financial interest and assurance to sustainable development is not congruent to SME commitment to sustainability reporting because the extant legal framework appears fragmented and voluntary in some aspects allowing businesses for instance too much leeway to decide on the scope and platform for disclosure. How much to disclose without letting out business secrets, the mechanism for disclosure, and the format for integrated reporting on the economic, social and environmental impact is not prescribed. The importance of sustainability reporting and its impact on profitability need to be known and understood by small and medium businesses so as to aid in the formulation of support programmes to enhance accountability and facilitate the realization of the targets of sustainable development.

Secondly, environmental regulations by governmental agencies are important drivers in shaping and monitoring business behaviour towards the sustainability agenda. As the impact of small businesses on the environment increases, there is a need for effective regulatory mechanism to sustain their development while at the same time prosecuting the sustainability agenda (Parker, *et al.*, 2009). This condition would not only allow small and medium businesses to implement green innovation for competitiveness, but also achieve environmental sustainability (Natarajan & Wyrick, 2011). It is hence important for decision makers in Kenya to understand the effectiveness of the existing legal framework, not only to indicate the immense scope that may lay ahead in terms of needed governmental action to better protect the environment, but also to facilitate the design and operationalization of joint action plans by both the private and public entities to better manage the situation in line with the sustainability agenda.

Finally, there is need to fully understand whether mainstreaming all or some of the seventeen (17) global and national sustainable development agenda is a fundamental part of business competitiveness in the context of small and medium enterprises. This is because SMEs by their nature face numerous constraints including under capitalization (Halkos & Tzeremes, 2010; Rice & Straham, 2010). The greatest importance to businesses in deciding whether to be pro-active enterprises are the costs of acquiring new facilities, technologies, processes necessary for environmental activities (De Clercq & Voronov, 2011; Cheruiyot, *et. al*. 2015). Managers are also afraid that if they focus on sustainability activities, it will affect negatively the quality of the product because they do not have as many resources as before (Elkington, 1994). Therefore, the activities necessary for sustainable development may be deemed expensive and thus not a priority in favor of short-term economic interests. Meaningful engagement by small and medium enterprises to allow integration of sustainable development concerns into their core operations is possible only if they fully understand the correlation between their current business activities, the sustainability agenda and long-term enterprise performance based on empirical evidence.

III. Review Of Literature

3.1 Sustainable Development Goals

The 2030 global agenda that seeks to end poverty, protect the planet and ensure that all people enjoy peace and prosperity, integrates three dimensions of sustainable development based on the concept of partnership, reinforced by a comprehensive approach to the mobilization of all means of implementation. The three proportions are economic, social and environmental impact parameters that have been encased in a set of 17 interdependent sustainable Development Goals (SDGs) and 169 targets that are universally applicable, taking into account contextual realities such as capacities, levels of development and specific challenges in different countries around the world (Pradhan, *et. al.*, 2017). The seventeen interdependent SDGs are as follows: 1. No poverty; 2. Zero hunger; 3. Good health and wellbeing; 4. Quality Education; 5. Gender Equity; 6. Clean water and sanitation; 7. Affordable and clean energy; 8. Decent work and Economic Growth; 9. Industry, Innovation and Infrastructure; 10. Reducing Inequality; 11. Sustainable cities and communities; 12. Responsible consumption and production; 13. Climate action; 14. Life below water; 15. Life on land; 16. Peace, Justice and strong institutions; and 17. Partnership for the goals. Each of these 17 SDGs have a list of targets and measurement indicators.

Taken together, the SDGs present challenges and opportunities for governments, for profit and nonprofit entities around the world. Challenges include increase in chronic health conditions, global warming, inadequate funding from public sources, and ageing populations especially in more developed countries. Opportunities include green innovations to address the challenges thus tapping into the unmet market needs to support business growth. For this to work, the economic, social – political and environment sectors need to come together to enhance successful implementation of the actions needed hence sustainable development. To ensure progress and long-term accountability, the 2030 global sustainability Agenda includes a follow-up and review mechanism designed to allow all partners in the sustainable development process to evaluate the impact of their accomplishments. At global level, this is overseen by the High-level Political Forum on Sustainable Development, which is supposed to meet at United Nation's Headquarters every year to take stock of progress towards the set goals.

3.2 Constraints Faced by SMEs

SMEs are a heterogeneous set of businesses that face particular circumstances that impact on their operations (Dekkers, 2011). To better understand its implications to the global and national sustainability agenda, it is helpful to examine the constraints faced by SMEs as they struggle to adjust to a more competitive and globalised business environment (Al-Shaikh, 1998). Reviewing constraints faced by SMEs is important because these might come in the way of businesses in pursuant of the sustainability agenda. For instance, the activities necessary for sustainable development may be deemed expensive in the face of inadequate resources and thus not a priority in favor of short-term economic interests. Some of these constraints include the following:

3.2.1 Access to Funding: The most worrying challenge to the Small and Medium Enterprise sector is the inaccessibility to appropriate financial products and services (Rahman, 2012). Most SMEs especially the new ones are not very attractive prospects for major Banks who are risk averse. The Banks concentrate on quick return investments (such as government securities), oversees investments and fee collection (RoK, 2013). They consider SMEs a high failure rate market segment (Rice & Straham, 2010). In some cases, this is because the Banks may not have adequate information about an individual enterprise, making it difficult for the Banks to lend out money due to the perceived risk. In other cases, given the relatively small size of the loans requested by

the SMEs and other firms in this sector, the Financial Institutions find it unprofitable to deliver (Halkos & Tzeremes, 2010). Despite these empirically supported financial challenges to the Small and Medium Enterprise sector, many countries are yet to take concrete policy steps to address this issue due to entrenched vested interests.

3.2.2 Limited Information: There are still many challenges in fully operationalizing a one-stop office where the entrepreneurs in the small and medium enterprise sector can have up-to-date, relevant, useful, timely and adequate information for the efficient performance of their enterprises in the local and overseas markets (Rahman, 2012). The information could be about markets, supplies, export opportunities, and therefore critical in the development of business and marketing plans. On the other hand, the large firms often have the financial muscle and bargaining power not only to access information for their use, but also limit others' access to it (Tuan & Yoshi, 2010). This is facilitated through the control and patronage of trade associations and government agencies, respectively. Information can also be obtained through attendance of Trade events. However, difficulties in attending events as a result of time and financial handicap, present another hindrance on SMEs' attempts to access information (RoK, 2012).

3.2.3 Compliance Costs: Considering the difficulties of SMEs in accessing information, compliance costs relate to the money spent while learning about and meeting the set government regulations and penalty costs (Bankable Frontier Associates, 2009). The regulatory laws could range from taxation and reporting requirements to laws to promote_occupational health and safety or to end discrimination in hiring practices. The costs of complying with national and international standards (for instance ISO certification) can also be out of reach for many small and medium enterprises (Banjoko, *et. al.*, 2012; Ayyagari, *et. al.*, 2007). Moreover, government taxes could be both direct and indirect. This double taxation eats into the profit levels, thus eroding the re-investment working capital and savings (Tuan & Takahashi, 2009). Similarly, government implementation of investment and import licences and controls, location incentives and infrastructure provision, ultimately favour large firms with better resources and connections and also enhances corruption and rent seeking by bureaucrats and politicians (Halkos & Tzeremes, 2010). While it is true that this phenomenon also eats into the resources of large firms, it tends to have a lesser impact due to the large scale of the enterprise, their greater bargaining power and better access to information and other resources (Klapper, *et. al.*, 2008).

3.2.4 Access to Technology: The need for innovation and new product development is facilitated by research and development and access to technology (Bigliardi, *et. al.*, 2011). However, the digital divide is a significant problem in many countries because technology is exceptionally fast moving and based on massive investment in Research and Development. In this area, SMEs owing to their inadequate financial base are at a handicap in their quest to improve access to technological networks of international standards (Bankable Frontier Associates, 2009). Studies show that the SME sector is hampered in dealing with technologies and skills (Bos-brouwers, 2010). In addition, international technology markets are notoriously imperfect and finding the right technology at the right price is a lengthy and daunting task out of the reach of most SMEs (Brinkmsnn, *et. al.* 2010).

3.2.5 Technical Skill Level: Another hindrance to SME competitiveness is the deficiencies in basic education and low levels of skill for their members of staff (Tuan & Takahashi, 2009). Inadequate levels of relevant skills and knowledge constraints the growth potential of enterprises in the Small and Medium Scale Enterprise sector (Haltiwanger, *et. al.*, 2010). This is compounded by the limited use of consultancy and management services. The primary reason for the low-level usage of professional management and consulting services is the prohibitive cost of quality professional management and technology advice (Liesch, *et. al*, 2012).

3.3 Environmental Regulations in Kenya

According to Munjeyi (2017), a legal framework is a configuration of all applicable legislative documents and the means used to administer them, normally sanctioned by industry regulators to governor specific firm activities by designated agency or body. In Kenya, even though environmental sustainability is not one of the vision 2030 mainstays, there is a plethora of policy, institutional and legislative framework in place that seeks to facilitate the sustainability agenda against potentially harmful economic development connected activities. For instance, the National Environment Management Authority has been put in place as a regulatory body to handle environmental coordination in Kenya. For instance, the Environmental Management and Coordination Act (EMCA) of 1999 was sanctioned as a legal mechanism to provide guidance on matters connected to the management of the environment ecosystem. Under the EMCA, a national policy forum called the National Environmental Council was established for the purpose of determining policies and priorities for the protection of the environment. As a further commitment to matters concerning environment, Kenya has maintained membership to the Convention of Biological Diversity which is an offshoot of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992. Kenya has also been implementing other international development treaties like Agenda 21 and the MDGs that are inclined to environment protection and sustainable development.

However, environment care being a multi-sectoral marvel, there are several other government ministries and agencies that play a role as they manage their sectors. These include: Ministry of Agriculture, livestock, Fisheries and irrigation - Controls farming practices to prevent soil erosion in areas with sloppy land; Ministry of health - Public Health, the working environment radiation control and management of hazardous wastes; Ministry of water and Sanitation - through management of water resources utilization; Ministry of Devolution and the ASALS - through management of urban environments by county governments; Ministry of Environment and Forestry - Environmental health including protection of water towers and forests; and Tourism and wildlife - anti-poaching and deforestation.

This multilevel interaction for government agencies in formulating and implementing policies in response to sustainable development demands in Kenya requires not only coherency in the laws and working national institutions, but also proper coordination and cooperation in executing environmental legislation. However, the Constitution of Kenya 2010 vests the role of protection of the environment with the National Government, but also gives the responsibility of execution of some national policies on environmental conservation on the County Governments (RoK, 2010). Where two levels of government do the same thing, there may arise a situation where there is duplication of efforts, or where the two levels think the other is doing it resulting in no action at all or that one level shifts blame to the other. Further, solid environmental agencies that are crucial for implementation of environmental related policies require funding from the exchequer. However, acquisition of resources from the treasury is often coupled with difficulties especially in less developed countries such as Kenya. There is need therefore to investigate the effectiveness of the extant environmental regulations in totality in Kenya in moderating the relationship between sustainable development variables and performance of small and medium business enterprises with a view to identifying the gaps and the legislative and regulatory reforms that are necessary to bring it at par with international best practices in other jurisdictions.

3.4 Review of Relevant Theories

Wang (2014) posit that a theory is a set of systematically interrelated concepts, definitions and propositions that are advanced to explain and predict facts. Theories are therefore generalizations about variables and the relationships among them McGrath (2013). They narrow the range of facts needed in a study, summarise what is known about an object of study and state the uniformities that lie beyond the immediate observation (Powell, 2001). As such, it was necessary to consider the postulates and contributions of relevant theories surrounding the sustainable development debate. The theories that formed the framework of this study are: Schumpeter theory of innovation, balanced scorecard theory, Institutional theory, regulation innovation theory and game theory.

3.4.1 Game Theory

This theory as proposed by John von Neumann and Oskar Morgenstern in 1944 seeks to model the cooperation and or conflict interaction situation of two or more players or decision makers who are conscious that their rational choice actions affect each other. According to Samuelson (2016), Game theory is a wholly explicit structure which personifies each player's set of payoffs, actions, and possible outcomes under given set of rules of playing. Any time there is a situation with two or more players that comprises known quantifiable consequences, one can use game theory to assist determine the most likely results since two or more competing parties look for the course of action that best benefits them (Rasmusen, 2006). Game theory is therefore a decision-making choice against uncertainties (Samuelson, 2016). Game theory is relevant to this study because it can be used to understand why individuals may make a particular decision in the ongoing sustainability development debate and how the decisions made by one party in the sustainability ecosystem may affect others.

3.4.2 Schumpeter's Theory of Innovation

According to Schumpeter (1934), businesses can generate prospect for new returns with their innovations. Innovation in business otherwise referred to as intrapreneurship is the major reason for increased investments and business fluctuations**.** By innovations, Schumpeter meant the commercial applications of new technology, new material, new methods and new sources of energy, as opposed to invention which in its simplest form refers to coming up with a new idea through the creative process. The relevancy of this theory to the current study is its linkage to the concept of sustainable development since it addresses crucial questions about how small and medium business enterprises can get payouts for their strategic decision made to attain competitive advantage through green innovations in pursuit of the sustainability agenda at the global and national level.

3.4.3 Institutional Theory

According to Scott (2004), this theory places institutions at the center of the analysis of organizations' design and conduct. It proposes that an entity is part of a larger environment which has beliefs, rules and norms that influences the creation and shape of the organizational design features and practices. Conformance to the institutionalized prescriptions is considered a means for gaining legitimacy and increases articulacy of actions and activities within organizations. An enterprise must therefore adapt to the rules and belief systems predominant in the environment in order to survive (Meyer & Rowan, 1977). Zaheer (1995) further observed that institutionalism also affects human resource management practices in an organization. This view is somewhat supported by Porter (1996) who observed that even multinational corporations operating in different parts of the world with varying institutional environments faces varied forces and that some of this pressure in host and home organizational environments exerts influences on organizational behavior including the deployment of competitive strategies. This theory is linked to the concept of sustainability reporting since it addresses crucial questions about how organizations choose to disclose its social, economic and environmental impacts in pursuant of sustainable development.

3.4.4 Regulation Innovation Theory

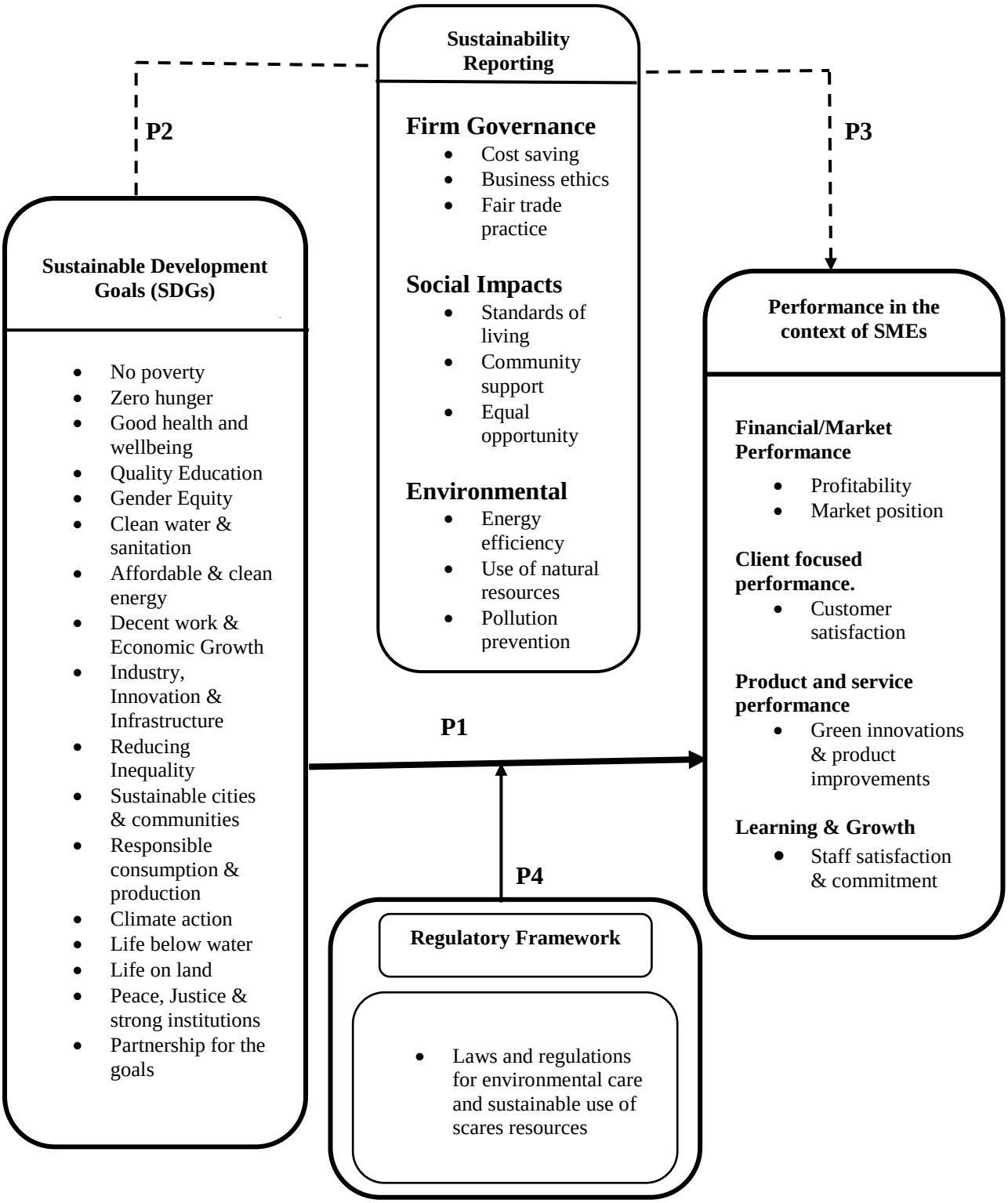
The regulation innovation theory proposed by Scylla (1982) is linked to both constructs of innovation strategies and government regulatory framework since it addresses key aspects of the organization's prevailing environment including rules and regulations put in place to control the industry. The regulation innovation theory argues that it is hard to have space of financial innovation in the premeditated economy with stern government control and in the pure free-market economy. Therefore, when government's involvement has stalled the financial activities, there will be numerous types of financial innovation which aim to circumvent or get rid of government controls. The game between the market and government finally form the spiral development process, namely, control-innovate, controls again-innovates again. From the argument of the theory, the following concepts can be extrapolated: green innovation and social regulations which can serve as operational indicators of the constructs of innovation strategies and governmental regulatory framework. This theory is linked to the concept of environmental regulations in Kenya since it addresses crucial questions about how SMEs may choose to behave with reference to the set environmental legal framework in order to achieve a competitive advantage in the marketplace.

3.4.5 Balanced Scorecard Theory

This strategic performance measurement model as presented Kaplan (2010), is a means for quantifying business performance on more than just fiscal returns. The other three dimensions for measuring business performance relate to customer perspective, the internal business processes and learning & growth. The balanced score card model can therefore be used to assess progress towards attaining defined goals, notify key stakeholders about scorecard attainment, and to establish the source of problems so as to take appropriate mitigation measures. The ultimate purpose of the balanced scorecard model is quantifying the elements that generate value for an enterprise and directly affects its capacity to prosper. Applications of the scorecard model therefore offers an entity with the tools that can be used to transform strategy into a scorecard and communicate the attainments throughout the entity. This theory is linked to the dependent variable of firm performance since it addresses crucial questions about how an SME can assess its social and environmental impacts in addition to economic payouts in support of the sustainability agenda.

IV. Proposed Theoretical Framework

The proposed theoretical framework demonstrates the role of environmental regulations and sustainability reporting on the link between sustainable development goals and performance in the context of small and medium business enterprises in Kenya.



Source: Author (2020). The conceptual framework of Sustainable Development Goals, Sustainability reporting and performance in the context of SMEs.

4.1 Propositions

4.1.1 Sustainable Development Goals and SME Performance

Streams of research have observed that SMEs often face challenges of exercising choice among alternatives that would give sustainable competitive advantage while at the same time pursuing the objectives of sustainable development. In spite of this, Bornstein and Davis (2010) study established that putting in place corporate strategies for green innovations enhances organizational competitive positioning by attracting aware consumers. This finding was supported by Majumdar and Marcus (2001) who observed that green technologies can enable a business enterprise to enhance productivity. In line with this observation is Žabkar, *et. al*., (2013) who argued that sustainable development activities are important in building a competitive advantage from a managerial perspective. Therefore, consistent with various empirical findings some of which have been outlined above, it is important to link sustainable development goals (antecedent construct) and performance of small and medium enterprises (ultimate variable). Thus, the study proposes that:

Proposition 1 ***(P1)****: Sustainable Development Goals determine performance of Small and Medium Enterprises but moderated by the regulatory framework.*

4.1.2 The role of Sustainability Reporting

A new institutional structure has been emerging that forces entities to go beyond traditional economic profitability objectives to include social and environmental impact arising from organizational activities (Waddock, 2008). In response to these pressures, business managers have introduced sustainability criteria in their organizational strategy and reporting in support of business profitability and the sustainability agenda (KPMG, 2013). This is for the purpose of enabling organizations measure, understand, learn lessons and manage change more effectively in support of the goals of sustainable development (Schein, 1996). From both empirical and theoretical literature, the construct of sustainability reporting (intermediate construct) has a positive and significant effect on firm performance. Based on this, the study proposes the following:

Proposition 2 (P2) & 3 (P3): *Sustainability Reporting mediates the relationship between Sustainable Development Goals and SME performance.*

4.1.3 The role of regulatory framework

Regulatory framework is the environment in which a firm operates and which can impact on the firm's operations directly or indirectly (Munjeyi, 2017). Out of the 169 targets that have been identified towards the realization of the 17 SDGs, there are several technical standards and national regulatory frameworks that are currently in place to support the sustainability agenda (Munjeyi, 2017). From the theoretical framework, the dotted line P3 moderates influence of innovation strategies on performance. Consistent with both conceptual and empirical literature as outlined above, it is important to link the adopted regulatory framework (contingent construct) and performance of microfinance sector (ultimate variable). Thus, the study makes the following proposition:

Proposition 4: *Regulatory Framework moderates the relationship between Sustainable Development Goals and SME performance.*

V. Conclusions

The purpose of this study was to review extant theoretical and empirical literature, identify existing gaps in the phenomenon of Sustainable Development Goals, sustainability reporting and performance in the context of small and medium business enterprises and finally propose a conceptual model providing propositions for filling up the identified gaps. The theoretical literature is grounded on the construct of sustainable development goals, sustainability reporting, regulatory framework and performance of SMEs. The reviewed show that sustainable development goals relate directly to SME performance. While this study contributes to the literature on regulatory framework, sustainable development, sustainability reporting and SME performance, it has also identified nascent knowledge gaps and proposed a theoretical model to show the interaction of relevant variables for purposes of progressing knowledge and forming a basis for additional studies. The study may be of great importance to SMEs as it presents the bases for green innovations to support competitiveness while at the same time help meet the target of sustainable development. This study is also useful in the design of sustainability policies and programs.

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