Factors Affecting Sustainability and ESG Reporting Practices to Develop Accounting Disclosure Capability in Small and Medium-Sized Enterprises in Thailand

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Abstract The objective of this paper was to investigate the factors that affect sustainability and ESG (Environmental, Social, and Governance) reporting practices in developing accounting disclosure capability among small and medium-sized enterprises (SMEs) in Thailand. The study adopted a qualitative research approach through semi-structured in-depth interviews with SME owner-managers, sustainability consultants, certified public accountants, and policy-related experts. The results indicate that ESG reporting adoption among Thai SMEs is shaped by two interrelated dimensions: (1) Internal ESG Reporting Drivers, comprising owner-manager environmental awareness, perceived business value of ESG, and internal accounting capability; and (2) External ESG Reporting Pressures, comprising regulatory requirements, supply chain demands, and stakeholder expectations. The findings further show that cloud-based accounting systems and digital data infrastructure serve as important enabling mechanisms that reduce reporting cost barriers and support systematic ESG data collection. This paper represents the preliminary qualitative and conceptual development stage of a broader research project; therefore, the proposed framework should be empirically validated in future quantitative research. The study contributes actionable recommendations for simplified SME disclosure standards, accounting-profession support, and digital infrastructure development for ESG reporting in Thailand.

Keywords: : ESG Reporting; Sustainability Disclosure; SMEs; Accounting Practices

1. INTRODUCTION

In recent decades, the concept of corporate sustainability has evolved from a peripheral concern into a central dimension of business accountability. Environmental, Social, and Governance (ESG) reporting — the structured disclosure of a company's performance on environmental stewardship, social responsibility, and governance integrity — has become an increasingly expected practice across the global business community. Internationally, frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) have provided structured guidance for ESG reporting. More recently, the International Sustainability Standards Board (ISSB), established in 2021, has moved toward a unified global baseline for sustainability-related financial disclosures (IFRS Foundation, 2023).

While ESG reporting has gained significant traction among large publicly listed companies, adoption among small and medium-sized enterprises (SMEs) remains substantially lower and less systematic. This disparity is particularly pronounced in emerging economies such as Thailand, where SMEs constitute 99.5% of all registered businesses and employ approximately 71% of the workforce (Office of SMEs Promotion, 2022). Despite this economic prominence, the majority of Thai SMEs have yet to formally integrate ESG considerations into their accounting and reporting systems, limiting their ability to communicate non-financial performance to stakeholders and to access ESG-linked financing instruments (Thapayom and Ussahawanitchakit, 2021). If Thai SMEs cannot elevate ESG disclosure quality, they may face declining competitiveness in export markets, reduced credibility with multinational buyers, and long-term exclusion from green loans, sustainability-linked supply chain finance, and buyer qualification systems. In this sense, ESG reporting is not merely a voluntary communication practice; it is becoming an entry condition for participation in global value chains and future-oriented financing ecosystems.

The gap between ESG reporting expectations and SME reporting capacity is driven by a complex interplay of internal organizational factors — such as resource constraints, limited accounting expertise, and low owner awareness — and external pressures such as regulatory mandates, supply chain requirements, and investor expectations. Understanding how these factors shape SME ESG reporting behavior is essential for designing effective interventions that build accounting disclosure capability at the enterprise level.

This study was motivated by the urgent need to understand the mechanisms through which Thai SMEs can be supported to develop meaningful ESG reporting practices. Using qualitative in-depth interviews as the primary data collection method — consistent with the approach adopted by Jongwiriyajaroenchai et al. (2020) — this paper explores the factors that drive or constrain ESG reporting adoption and their combined effect on accounting disclosure capability among Thai SMEs.

The research objectives are as follows:

1. To develop a conceptual framework of factors affecting sustainability and ESG reporting practices in SME accounting disclosure capability; and

2. To identify the specific internal and external factors that shape ESG reporting adoption and accounting disclosure capability in Thai SMEs.

2. Literature Review

The factors affecting ESG reporting practices and accounting disclosure capability can be organized into two major dimensions: (1) Internal ESG Reporting Drivers, comprising owner-manager environmental awareness, perceived business value of ESG, and internal accounting capability; and (2) External ESG Reporting Pressures, comprising regulatory requirements, supply chain demands, and stakeholder expectations. To strengthen the theoretical foundation, this study integrates three complementary perspectives. Institutional theory explains how regulatory requirements and buyer expectations create coercive, normative, and mimetic pressures for ESG disclosure. Stakeholder theory explains why SMEs increasingly respond to the expectations of customers, employees, banks, communities, and supply-chain partners. The resource-based view further explains why internal accounting capability, digital systems, and owner-manager knowledge become firm-specific capabilities that determine whether external ESG pressure can be converted into credible disclosure practice. Therefore, the proposed conceptual framework is not limited to a simple internal-external classification; rather, it conceptualizes ESG disclosure capability as the outcome of interaction between institutional pressure, stakeholder accountability, and internal resource capability.

2.1 Internal ESG Reporting Drivers

Internal ESG reporting drivers refer to the organizational characteristics and individual motivations within the SME that positively influence the adoption and quality of ESG disclosure. Research consistently identifies leadership commitment and internal resource capacity as the primary internal determinants of voluntary ESG reporting among SMEs (Hahn and Kuhnen, 2013). Unlike large corporations, where ESG reporting is typically managed by dedicated sustainability departments, SME ESG reporting is strongly shaped by the personal values, awareness, and capabilities of the owner-manager.

2.1.1 Owner-Manager Environmental Awareness

Owner-manager environmental awareness refers to the degree to which the entrepreneur recognizes the environmental and social impacts of business operations and considers these impacts relevant to business management. According to Revell et al. (2010), owner-manager values and environmental attitudes are the strongest predictors of voluntary sustainability practices in small businesses. When the owner perceives environmental responsibility as personally important, the firm is significantly more likely to adopt pro-environmental behaviors and to communicate these behaviors through formal reporting channels.

In the Thai context, cultural and religious values associated with Buddhism — including the concepts of moderation, non-harm, and interconnectedness — may provide a distinct motivational foundation for environmental stewardship among owner-managers that differs from the profit-centric motivations more commonly studied in Western SME contexts (Thapayom and Ussahawanitchakit, 2021). Understanding how these cultural drivers manifest in ESG accounting behavior represents an important research opportunity.

2.1.2 Perceived Business Value of ESG

Perceived business value of ESG refers to the owner-manager's belief that ESG reporting and sustainable practices generate tangible business benefits — including cost savings, brand differentiation, customer loyalty, and improved access to financing. The business case for ESG has been extensively documented among large firms (Eccles et al., 2014), but evidence specific to SMEs remains more limited. Where SME owners perceive ESG as a cost burden rather than a value driver, adoption rates are predictably low (Hahn and Kuhnen, 2013).

Recent developments in ESG-linked finance — including green loan frameworks and sustainability-linked supply chain financing offered by Thai commercial banks — have begun to create tangible financial incentives for ESG disclosure among SMEs. When owner-managers can directly connect ESG reporting to lower borrowing costs or preferential buyer terms, perceived business value increases substantially, creating a stronger motivation for formal disclosure (UNEP FI, 2022).

2.1.3 Internal Accounting Capability

Internal accounting capability refers to the firm's existing human resources, systems, and processes for collecting, recording, and reporting financial and non-financial data. For SMEs, accounting capability is often a binding constraint on ESG reporting adoption: without adequate data systems, the cost of generating reliable ESG metrics is prohibitively high relative to the perceived benefits (Vives, 2006). Firms with stronger accounting information systems — particularly those that have adopted cloud-based bookkeeping or ERP software — are better positioned to extend their reporting infrastructure to include non-financial ESG data alongside traditional financial statements. The Thailand Institute of Directors (IOD) has noted that accounting capability is the most commonly cited internal barrier to ESG reporting among Thai SMEs, ahead of cost concerns and regulatory complexity (IOD, 2022). This finding underscores the importance of building accounting literacy as a foundational investment for ESG disclosure capacity.

2.1.4 Digital Accounting Systems and Cloud-Based ERP

Digital accounting systems and cloud-based enterprise resource planning (ERP) platforms represent a critical enabling factor for SME ESG reporting. ESG disclosure requires reliable data on energy use, waste, emissions-related activities, employee indicators, supplier compliance, and governance practices. When these data are recorded manually, reporting becomes costly, fragmented, and dependent on individual staff. In contrast, cloud-based accounting and ERP systems can integrate financial and non-financial information, automate recurring records, and generate audit trails that improve the credibility and consistency of ESG disclosures. For SMEs, digital accounting infrastructure can therefore reduce the administrative burden of ESG reporting and transform sustainability disclosure from an ad hoc document into a routine management process.

2.2 External ESG Reporting Pressures

External ESG reporting pressures refer to forces originating outside the SME that create expectations, incentives, or obligations to adopt ESG reporting practices. Institutional theory (DiMaggio and Powell, 1983) provides a useful theoretical lens for understanding how coercive, normative, and mimetic pressures from the external environment shape organizational behavior — including the decision to adopt formal sustainability disclosure.

2.2.1 Regulatory Requirements

Regulatory requirements encompass laws, regulations, standards, and official guidance that mandate or incentivize ESG-related disclosure. In Thailand, the Securities and Exchange Commission (SEC) has progressively expanded mandatory ESG disclosure requirements for listed companies, with voluntary guidance extended to unlisted SMEs through the One Report framework and the Corporate Governance Code (SEC Thailand, 2021). Although compliance is not yet legally required for non-listed SMEs, the directional signal from regulators creates a coercive pressure that increasingly shapes reporting expectations even in the voluntary sector.

Looking forward, the adoption of ISSB standards — particularly IFRS S1 and IFRS S2 on general sustainability disclosures and climate-related disclosures — is expected to cascade down supply chains, creating de facto reporting requirements for SMEs that supply to listed companies obligated under these standards (IFRS Foundation, 2023). This regulatory spillover effect represents a significant emerging pressure on Thai SME accounting disclosure practices.

2.2.2 Supply Chain Demands

Supply chain demands refer to the ESG disclosure requirements imposed by large buyers, multinational corporations, or export market customers on their SME suppliers. As large companies face growing ESG disclosure obligations, they increasingly extend these requirements to their supply chains through supplier codes of conduct, ESG questionnaires, and sustainability audits. For Thai SMEs embedded in global supply chains — particularly in the automotive, food and beverage, electronics, and garment sectors — supply chain ESG demands represent one of the most immediately actionable external pressures for disclosure adoption (Luetkenhorst, 2004).

Empirical research in Southeast Asia has found that supplier ESG compliance demands from large buyers are significantly more motivating for SME ESG adoption than voluntary regulatory guidance, because non-compliance carries the direct commercial consequence of contract loss (Vives, 2006). This finding suggests that supply chain integration is a particularly powerful lever for accelerating SME sustainability accounting in the Thai context.

2.2.3 Stakeholder Expectations

Stakeholder expectations refer to the ESG disclosure demands of a broad set of parties with a legitimate interest in the firm's sustainability performance, including employees, local communities, financial institutions, NGOs, and the media. Stakeholder theory (Freeman, 1984) posits that firms that proactively manage stakeholder relationships — including through transparent non-financial disclosure — achieve superior long-term performance outcomes compared to those that prioritize only shareholder value.

For Thai SMEs, employee and community stakeholders have emerged as increasingly vocal ESG audiences. Younger employees — particularly those from Generation Z — have been found to prefer employers with demonstrable ESG commitments, creating a talent acquisition and retention incentive for SME ESG reporting (Thapayom and Ussahawanitchakit, 2021). Financial institutions, including the Bank of Thailand and major commercial banks, have also begun incorporating ESG risk assessments into SME credit evaluation processes, further amplifying stakeholder-driven disclosure pressure.

2.3 Accounting Disclosure Capability in ESG

Accounting disclosure capability in ESG refers to the firm's capacity to systematically identify, measure, record, and communicate material ESG information to relevant stakeholders in a credible, consistent, and decision-useful manner. This capability extends the traditional scope of financial accounting — which focuses on monetary transactions — to encompass non-financial metrics such as carbon emissions, energy consumption, water usage, employee turnover, gender diversity ratios, and governance structure data (Eccles et al., 2014).

For SMEs, developing ESG accounting disclosure capability requires a staged approach. Initial stages typically involve identifying material ESG topics relevant to the business, establishing baseline data collection processes, and producing simplified ESG disclosures — such as a one-page sustainability summary — rather than comprehensive GRI-aligned reports (GRI, 2021). As systems and expertise develop, disclosure can progressively align with internationally recognized frameworks. The GRI's SME Starter Pack and Thailand's BOI ESG Certification program represent practical tools for this capability-building journey (BOI Thailand, 2023).

This study conceptualizes accounting disclosure capability in ESG as having three observable dimensions: (1) the ability to identify and measure material ESG metrics relevant to the business; (2) the ability to integrate ESG data collection into existing accounting routines; and (3) the ability to produce and communicate ESG disclosures in formats meaningful to key stakeholders.

3. Research Methodology

3.1 Research Design

This study adopted an interpretive qualitative research design grounded in the constructivist paradigm, which recognizes that social phenomena — including accounting and reporting practices — are shaped by the meanings, perceptions, and experiences of the actors involved (Creswell and Poth, 2018). The qualitative approach was selected because ESG reporting adoption in SMEs is a complex, context-dependent phenomenon that cannot be adequately captured through quantitative survey instruments alone. In-depth interviews allow participants to articulate the motivations, barriers, and contextual factors that shape their ESG disclosure behavior in their own terms, generating theoretically rich data for conceptual framework development.

This methodological approach mirrors that of Jongwiriyajaroenchai et al. (2020), whose qualitative investigation of engagement factors in sharing economy businesses produced a robust conceptual framework subsequently tested in a larger quantitative study. The present study similarly positions itself as the first phase of a two-stage mixed-methods research program.

3.2 Data Collection

Data were collected through semi-structured in-depth interviews conducted between January and March 2024. The interview protocol was developed through systematic literature review and pilot-tested with two accounting academics prior to fieldwork. Each interview lasted between 50 and 100 minutes and was audio-recorded with the informed consent of participants. Verbatim Thai-language transcripts were prepared and subsequently translated into English. Bilingual back-translation was performed to verify translation accuracy, and member checking was applied to ensure participants' views were accurately represented. The core interview questions covered five areas: (1) ESG awareness and motivation; (2) current accounting systems and data collection capability; (3) external ESG pressure from customers, banks, regulators, and suppliers; (4) the use of cloud accounting, ERP, or other digital platforms; and (5) support, standards, templates, or training needed for SME ESG disclosure.

Thirty participants were selected through purposive and snowball sampling to ensure information-rich and contextually diverse cases (Patton, 2015). The sample comprised five participant groups: (1) SME owner-managers in manufacturing (n = 8), (2) SME owner-managers in services (n = 7), (3) SME owner-managers in retail and trade (n = 5), (4) certified public accountants and sustainability consultants serving SME clients (n = 6), and (5) officials from the Department of Business Development and the Thailand Institute of Directors with SME sustainability policy expertise (n = 4). Theoretical saturation was reached at approximately the 24th interview, with the remaining interviews confirming rather than extending the emerging themes.

3.2.1 Interview Protocol

The interview protocol was developed based on the literature review and conceptual framework of the study. Semi-structured interviews were conducted to explore participants' perspectives on ESG reporting practices and accounting disclosure capability among Thai SMEs. The interview questions focused on four main areas: (1) perceptions of ESG and sustainability reporting, (2) internal factors influencing ESG adoption, (3) external pressures related to ESG disclosure, and (4) the role of accounting systems and digital technologies in supporting ESG reporting.

Example interview questions included:

1. What factors encourage or hinder ESG reporting in your organization?
2. How do external stakeholders influence ESG disclosure practices?
3. Does your firm use digital accounting systems or cloud-based platforms to support ESG reporting?
4. What support is needed to improve ESG accounting disclosure capability among SMEs?

The semi-structured format allowed participants to freely share experiences and opinions while maintaining consistency across all interviews.

3.3 Data Analysis

Data were analyzed using thematic analysis following Braun and Clarke's (2006) six-phase framework: familiarization, initial coding, theme searching, theme review, theme definition and naming, and report production. Two researchers coded transcripts independently, with intercoder reliability assessed using Cohen's kappa (κ = 0.83), indicating strong agreement. Discrepancies were resolved through discussion. ATLAS.ti 23 software was used to organize and manage the coding structure. Themes were subsequently mapped onto the conceptual framework dimensions identified in the literature review and refined through iterative comparison between emerging findings and theory.

4. RESEARCH RESULTS

From the in-depth interviews, two primary dimensions emerged as factors that shape accounting disclosure capability in ESG among Thai SMEs: (1) Internal ESG Reporting Drivers, and (2) External ESG Reporting Pressures. These dimensions and their constituent factors are synthesized into the conceptual framework presented in Fig. 1.

The factors that affect the development of ESG accounting disclosure capability in SMEs are divided into two main parts. First, Internal ESG Reporting Drivers consist of (1) owner-manager environmental awareness, (2) perceived business value of ESG, and (3) internal accounting capability. Second, External ESG Reporting Pressures consist of (1) regulatory requirements, (2) supply chain demands, and (3) stakeholder expectations.

4.1 Internal ESG Reporting Drivers

Owner-manager environmental awareness emerged as the most influential internal driver across all three SME sectors studied. Participants who expressed strong personal environmental values were notably more likely to have initiated some form of sustainability tracking — even informally — prior to any external pressure. One manufacturing SME owner in Chonburi stated: 'I started measuring our electricity use because I personally care about the environment. Then I realized it also saves money. Once I could show the numbers, customers started asking for them.' This illustrates the pathway from personal awareness to formal disclosure practice, consistent with Revell et al. (2010).

Perceived business value of ESG was strongly linked to access to financing. Participants who had applied for green loans or ESG-linked trade finance reported significantly higher motivation to formalize ESG data collection compared with those who had not engaged with such instruments. A service sector owner noted: 'Our bank told us that if we can show ESG data, the interest rate is lower. That was the moment I asked my accountant to start tracking these things seriously.' This finding highlights the pivotal role of the financial system in translating ESG awareness into formal accounting practice.

Internal accounting capability was consistently identified as a binding constraint. Participants whose businesses used cloud-based accounting software reported a significantly lower perceived cost of adding ESG metrics to their reporting routines, because data collection processes were already digitized. Those relying on manual bookkeeping described ESG data collection as a separate, burdensome task with no clear integration into existing routines, deterring adoption.

4.2 External ESG Reporting Pressures

Regulatory requirements were perceived as a future rather than a present pressure by most participants, with the majority unaware of specific SEC or ISSB guidance applicable to their firms. However, participants who had attended government-sponsored SME sustainability workshops reported markedly higher regulatory awareness, suggesting that awareness-building rather than compliance enforcement may be the more effective near-term policy lever. Expert informants from the Department of Business Development confirmed that current regulatory guidance for non-listed SMEs is predominantly voluntary, though mandatory requirements are anticipated within three to five years.

Supply chain demands were identified as the single most immediately actionable external pressure among manufacturing SMEs. Seven of the eight manufacturing participants reported receiving formal ESG questionnaires or supplier audits from at least one major buyer in the preceding 12 months. Those supplying to multinational export buyers — particularly in automotive components and processed food — reported the most structured and demanding ESG data requests, including Scope 3 carbon emission data from their own supply chains. This finding corroborates Vives (2006) and Luetkenhorst (2004) on the primacy of supply chain pressure as an ESG adoption driver.

Stakeholder expectations from employees and local communities were cited as growing but still secondary pressures compared to supply chain demands. Several participants noted that younger employees had raised ESG-related questions during job interviews or in internal feedback channels, creating an employer-branding motivation for disclosure. Financial institution expectations were mentioned by participants who had recently sought SME credit, reflecting the Bank of Thailand's growing integration of ESG risk factors into bank supervisory guidance.

Table 1 Factors Affecting ESG Reporting Practices and Accounting Disclosure Capability in Thai SMEs

No	Factor	Key Interview Findings	Supporting Literature
1	Owner-Manager Environmental Awareness	Personal environmental values encourage early ESG tracking before formal regulatory pressure.	Revell et al. (2010); Thapayom & Ussahawanitchakit (2021)
2	Perceived Business Value of ESG	Green finance incentives motivate ESG reporting adoption among SMEs.	Eccles et al. (2014); UNEP FI (2022)
3	Internal Accounting Capability	Cloud accounting systems simplify ESG data collection and disclosure processes.	Vives (2006); IOD (2022)
4	Regulatory Requirements	Many SMEs still have limited understanding of ISSB and ESG disclosure standards.	SEC Thailand (2021); IFRS Foundation (2023)
5	Supply Chain Demands	Large buyers increasingly require ESG information from suppliers.	Luetkenhorst (2004); Vives (2006)
6	Stakeholder Expectations	Employees and financial institutions increasingly expect sustainability transparency.	Freeman (1984); Thapayom & Ussahawanitchakit (2021)

5. Discussion

5.1 In-Depth Interview Findings

The results of the in-depth interviews reveal a nuanced picture of ESG reporting adoption among Thai SMEs that extends and contextualizes prior international findings. Consistent with Hahn and Kuhnen (2013), internal drivers — particularly owner-manager values and accounting capability —

play a foundational role in shaping ESG reporting behavior. However, the findings also demonstrate that internal motivation alone is insufficient when SMEs lack data systems, accounting literacy, and simplified reporting guidance. From the resource-based view, ESG disclosure capability can be interpreted as an organizational capability built from accounting knowledge, digital data routines, and management commitment. From institutional theory, external requirements from regulators and large buyers create pressure; however, the degree to which SMEs can respond depends on their internal resources. Stakeholder theory further explains why banks, employees, communities, and customers increasingly influence disclosure behavior even when formal regulation remains limited.

A notable contribution of this study is the identification of green loan accessibility as a pivotal mechanism linking perceived ESG business value to formal accounting practice. This finding suggests that financial sector incentives — rather than regulatory mandates alone — may be the most effective near-term catalyst for ESG reporting adoption among Thai SMEs. This has important implications for policy design: interventions that simultaneously build ESG accounting capability and connect SMEs with ESG-linked financial products are likely to generate greater adoption than awareness campaigns or regulatory guidance alone.

The primacy of supply chain demands as an external pressure — particularly among manufacturing SMEs in export-oriented sectors — also requires critical interpretation. Large buyers possess cosiderable bargaining power over SME suppliers because purchase orders, supplier rankings, and export opportunities may depend on ESG compliance. This power asymmetry can create compliance pressure and administrative burden for SMEs. Nevertheless, the same relationship can be transformed into a collaborative capacity-building mechanism if large buyers provide reporting templates, supplier training, digital data tools, phased ESG requirements, and feedback on audit results. Therefore, supply-chain pressure should not be treated solely as coercive pressure; it can become a partnership model in which anchor firms transfer ESG knowledge and reporting capability to SME suppliers while improving the sustainability quality of the entire value chain. In practical terms, the findings suggest four actionable interventions: (1) develop a simplified ESG disclosure template for SMEs with a limited set of material indicators; (2) provide training for accountants and SME owner-managers on ESG data collection; (3) link ESG reporting support with access to green financing and supplier development programs; and (4) promote cloud accounting and ERP adoption so ESG data can be collected systematically rather than manually at the end of each reporting period.

5.2 Conceptual Framework

Based on the synthesis of interview findings and literature, the conceptual framework for this study posits that Internal ESG Reporting Drivers and External ESG Reporting Pressures are two interrelated antecedent dimensions of Accounting Disclosure Capability in ESG (Fig. 1). The two dimensions interact dynamically: internal capability determines the firm's capacity to respond to external pressures, while external pressures create the motivation and urgency that activate internal capability development. This reciprocal dynamic is consistent with institutional theory (DiMaggio and Powell, 1983) and the resource-based view of organizational capability development.

The framework will guide the subsequent quantitative phase of this research, in which a structured survey instrument will be developed and validated across a larger national sample of Thai SMEs to test the structural relationships among the identified factors and ESG accounting disclosure capability.

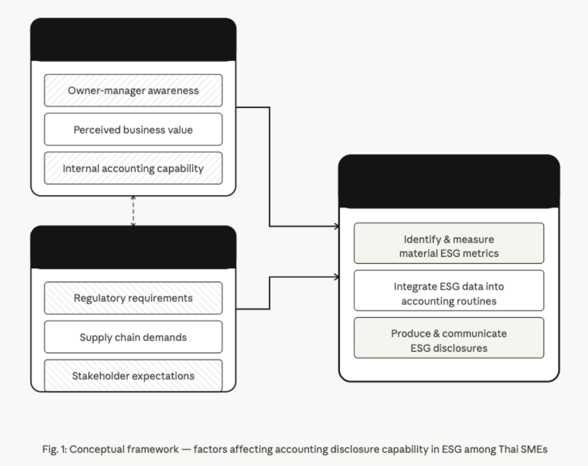

Fig. 1: Conceptual framework — Internal ESG Reporting Drivers and External ESG Reporting Pressures as antecedents of Accounting Disclosure Capability in ESG

A significant finding of this study is the emerging role of digital accounting systems and Cloud-based ERP platforms in supporting ESG reporting adoption among SMEs. Participants using digital accounting infrastructure reported lower operational costs, easier ESG data integration, and greater reporting accuracy compared to firms relying on manual accounting processes. This finding suggests that digital accounting transformation is not only an operational improvement but also a critical enabler of sustainable accounting disclosure capability.

In addition, the findings indicate that ESG reporting pressure from large buyers should not be viewed solely as coercive pressure. Instead, supply chain ESG requirements can evolve into collaborative partnerships where large corporations provide technical support, reporting templates, and ESG training to SMEs. Such collaboration may significantly reduce reporting burdens while strengthening long-term supply chain sustainability.

The study also highlights the importance of developing simplified ESG disclosure guidelines appropriate for SME contexts. Current international ESG frameworks are often too complex and resource-intensive for small firms. Therefore, simplified disclosure standards adapted to SME operational scale may improve reporting adoption and reduce administrative burden.

6. Conclusion

This qualitative study investigated the factors that affect sustainability and ESG reporting practices as antecedents of accounting disclosure capability among SME entrepreneurs in Thailand. Through in-depth interviews with 30 practitioners, owner-managers, and policy experts, six key factors were identified and organized into two primary dimensions: Internal ESG Reporting Drivers (owner-manager environmental awareness, perceived business value of ESG, internal accounting capability) and External ESG Reporting Pressures (regulatory requirements, supply chain demands, stakeholder expectations). The findings reveal that ESG accounting disclosure capability in Thai SMEs is not merely a function of resource availability but is shaped by a dynamic interaction between internal motivation — particularly owner-manager values and the perceived tangibility of ESG business benefits — and external pressures that create the context and urgency for formal reporting adoption. Supply chain demands and green finance incentives emerge as the most immediately actionable external levers for accelerating disclosure adoption.

This study makes three principal contributions. Theoretically, it extends institutional theory, stakeholder theory, and the resource-based view to the domain of SME ESG accounting in an emerging economy context, constructing a locally grounded conceptual framework for subsequent empirical testing. Methodologically, it provides qualitative empirical evidence through interviews with SME owners, accounting professionals, sustainability consultants, and policy-related experts. Practically, it provides a basis for policy interventions that simultaneously build accounting capability, digital infrastructure, and tangible business incentives, including green financing access and supply chain compliance support.

Future research should quantitatively validate the proposed framework using structural equation modeling across a nationally representative SME sample, and should examine the moderating roles of firm age, sector, export orientation, and digital accounting adoption on the identified relationships.

The findings further demonstrate that digital accounting infrastructure, particularly Cloud ERP and digital bookkeeping systems, plays an important role in enhancing ESG accounting disclosure capability among SMEs. Firms with stronger digital systems are better able to collect, integrate, and communicate ESG-related information systematically and accurately.

The study also suggests that ESG disclosure adoption among SMEs would benefit from simplified reporting frameworks specifically designed for small businesses. Simplified ESG disclosure standards may reduce reporting complexity and improve accessibility for SMEs with limited accounting resources.

7. SUGGESTIONS

In this study, two primary dimensions were examined — Internal ESG Reporting Drivers and External ESG Reporting Pressures — in relation to accounting disclosure capability in ESG. To provide a more comprehensive and implementable pathway for Thai SMEs, future research and policy action should prioritize three areas. First, the Federation of Accounting Professions and relevant Thai accounting standard-setters should play a central role in developing a Simplified ESG Disclosure Framework for SMEs. Such a framework should include a limited number of practical indicators, sector- specific templates, and step-by-step guidance appropriate to the size and administrative capacity of SMEs. Second, digital infrastructure should be prioritized through cloud accounting, ERP adoption, ESG data management systems, and AI- assisted reporting tools so that ESG reporting can be implemented accurately, consistently, and sustainably. Third, sector-specific ESG reporting pathways — particularly for SMEs in high-impact sectors such as agribusiness, food processing, manufacturing, logistics, and export- oriented supply chains — should be developed to generate more targeted policy and practice recommendations.

Future policy initiatives should prioritize the development of digital accounting infrastructure for SMEs, including Cloud ERP systems, AI-assisted accounting platforms, and ESG data management tools. These technologies can reduce reporting costs and improve disclosure efficiency.

In addition, the Federation of Accounting Professions in Thailand and related accounting standard- setting organizations should consider developing simplified ESG disclosure guidelines specifically designed for SMEs. Such guidelines should focus on practical, low-cost, and scalable disclosure approaches appropriate for smaller enterprises while remaining aligned with international sustainability reporting trends.

Furthermore, collaboration between regulators, financial institutions, large corporations, and SMEs should be strengthened to support ESG capability development through training programs, reporting templates, and digital accounting support systems.

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