

**Cristina Dolghii**

**NON-FINANCIAL REPORTING IN THE SMALL BUSINESS  
SECTOR AND THE BENEFITS THEREOF  
IN THE STAKEHOLDER DECISION-MAKING PROCESS:  
THE PRACTICE OF THE REPUBLIC OF MOLDOVA**

**Abstract**

Identification of the current problems related to non-financial reporting, which lower the quality of the information used by the decision-makers as well as limit the development of practical recommendations for decision implementation by small enterprises in the Republic of Moldova.

The study was carried out using a complex of general and special scientific methods: a systemic approach, analysis, synthesis, modeling, study of normative acts and specialized literature, comparison, abstraction, survey and content analysis. The systemic approach consists in the rational combination of selected scientific directions, aimed at research methodology formulation, i.e., at identifying the problem, formulating the hypothesis and substantiating it.

The improvement measures and new evidence on the relevance of non-financial reporting and the need for the implementation thereof by small businesses in the country, as well as the stakeholder decision-making benefits, contribution to the visibility of the reporting entity, the development of client portfolio, community relationship strengthening, and capital increase have been taken into consideration.

The article and the conclusions presented by the Author are based on the research into the practical effectiveness of the information presented in non-financial reports. The relevance of the research lies in the modeling of non-financial reporting at a local level, arguing for its implementation by small businesses, demonstrating the need for qualitative information in stakeholder decision-making and the contribution of that information to the high evaluation of reporting entity performance.

**Keywords:** sustainability report, corporate reporting, interested parties, information quality, economic performance of an entity.



# **RAPORTOWANIE NIEFINANSOWE W SEKTORZE MAŁYCH PRZEDSIĘBIORSTW I KORZYŚCI Z NIEGO PŁYNĄCE W PROCESIE PODEJMOWANIA DECYZJI PRZEZ INTERESARIUSZY: PRAKTYKA REPUBLIKI MOŁDAWSKIEJ**

## **Streszczenie**

Celem niniejszej pracy jest identyfikacja aktualnych problemów związanych z raportowaniem niefinansowym, obniżających jakość informacji wykorzystywanych przez decydentów, jak również ograniczających opracowanie praktycznych rekomendacji dla realizacji decyzji przez małe przedsiębiorstwa w Republice Mołdawii. Badanie zostało przeprowadzone z wykorzystaniem pakietu ogólnych i specjalistycznych metod naukowych: podejścia systemowego, analizy, syntezy, modelowania, badania aktów normatywnych i literatury fachowej, porównania, abstrakcji, ankiety i analizy treści. Podejście systemowe polega na racjonalnym połączeniu wybranych kierunków naukowych, zmierzających do sformułowania metodologii badań, tj. do zidentyfikowania problemu, sformułowania hipotezy i jej uzasadnienia.

W artykule uwzględniono działania usprawniające oraz nowe dowody na istotność raportowania niefinansowego i potrzebę jego wdrożenia przez małe przedsiębiorstwa w kraju, a także korzyści decyzyjne dla interesariuszy, wkład w widoczność jednostki raportującej, rozwój portfela klientów, wzmocnienie relacji ze społecznością oraz wzrost kapitału. Artykuł i przedstawione przez Autorkę wnioski oparte są na badaniach praktycznej skuteczności informacji prezentowanych w raportach niefinansowych. Istotność badań polega na modelowaniu raportowania niefinansowego na poziomie lokalnym, argumentując za jego wdrażaniem przez małe przedsiębiorstwa, wykazując zapotrzebowanie na informacje jakościowe w podejmowaniu decyzji przez interesariuszy oraz wkład tych informacji w wysoką ocenę wyników jednostki raportującej.

**Słowa kluczowe:** sprawozdanie zrównoważonego rozwoju, sprawozdawczość korporacyjna, strony zainteresowane, jakość informacji, wyniki ekonomiczne jednostki.

## **Introduction**

Nowadays, small and medium-sized enterprises (SMEs) are the predominant form of enterprise, significantly influence global economic stability, constituting about 99% of all firms, constituting about 70% of employments<sup>1</sup>, actively par-

---

<sup>1</sup> Organisation for Economic Cooperation and Development, „*ENHANCING THE CONTRIBUTIONS OF SMEs IN A GLOBAL AND DIGITALISED ECONOMY*, Meeting of the OECD Council at Ministerial Level, Paris, 7-8 June 2017, p. 8, available online: <https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf> [accessed: 06 June 2022].

ticipate in the gross domestic product (GDP) of the private sector at the national level. The European Union (EU) employs 93 million people and is at the heart of economic development. They represent 99% of all businesses in the EU. The European Commission supports SMEs by facilitating their trade and encouraging them to participate in the development of standards for products and services in the field of activity of each<sup>2</sup>.

A trustworthy partner of SMEs sector entities in the Republic of Moldova is the Organization for the Development of the Small and Medium Enterprise Sector (ODIMM), which offers them the opportunity to develop, become sustainable and strong, both domestically and abroad, by accessing support programs for the business community<sup>3</sup>.

In line with the National Bureau of Statistics (NBS) in 2020, the number of SMEs in the Republic of Moldova constituted 57.2 thousand enterprises and represents about 98.6% of the total number of reporting enterprises. The average number of wage earners in SMEs in the reference period constituted 316.8 thousand, accounting for 60.1% of the total average number of employees of enterprises in the country. Turnover of SMEs in this period totaled 7.5 thousand euros or 39.3% of total sales revenue in the national economy. In 2020, 4.8 thousand SMEs or 8.5% of all SMEs were active in the manufacturing industry, the majority of which were active in trade, accounting for 20.5 thousand enterprises or 35.7% of all SMEs in the country<sup>4</sup>.

Taking a look at the share of SMEs in the total number of enterprises at global, European, and local levels, and their turnover, we determine that their importance is significant in all areas of economic development, but in the author's opinion, one of the basic elements of business success is access to information for stakeholders. Therefore, a prosperous development of an entity cannot occur without an effective process of financial and even non-financial reporting of its performance.

SME businesses differ widely in terms of size, sector, business model, and other criteria that do not allow them to be treated universally. In this sense, the in-

---

<sup>2</sup> European Commission, *Entrepreneurship and Small and Medium-Sized Enterprises (SMEs)*, available online: [https://ec.europa.eu/growth/smes\\_en](https://ec.europa.eu/growth/smes_en) [accessed: 29 June 2022].

<sup>3</sup> Organization for the Development of the Small and Medium Enterprises Sector/ Organizația pentru Dezvoltarea Sectorului Întreprinderilor Mici și Mijlocii, „*The Strategic Development Directorates of the Organization for Development of Small and Medium Enterprises from Moldova (ODIMM)*”, p.10, available online: <https://www.odimm.md/ro/> [https://www.odimm.md/files/odimm/Directii\\_strategice\\_DIMM.pdf](https://www.odimm.md/files/odimm/Directii_strategice_DIMM.pdf) [accessed 17 May 2022].

<sup>4</sup> National Bureau of Statistics (BNS), The activity of small and medium enterprises in the Republic of Moldova in 2020, available online: <https://statistica.gov.md/news-view.php?l=ro&idc=168&id=7066> [accessed: 16 June 2022].

formation and its quality presented in non-financial reports on the performance of the entity, in addition to the information presented in the financial statements, in the author's opinion brings significant benefits for internal users in management decision making, for economic decision making by a wide range of users, who may not require reports to meet their particular information needs, for business partners, and other stakeholders. In addition, the non-financial reports also present the results of the work of persons in positions of responsibility and their accountability for the resources entrusted to them.

In achieving the purpose proposed in the given article, the author analyzes the normative framework, theoretical opinions and other researches regarding non-financial reporting. The author tests the existing practices and proposes the implementation of the non-financial reporting framework by the entities of the small business sector at the local level in order to present the qualitative information necessary to the interested parties regarding the economic, social and environmental performance in order to improve visibility, attract new sources of capital and maintaining business continuity and competitiveness.

Within the application of general and special scientific methods, the author planned an explanatory study to verify previous research; applied a survey among local small businesses on the need to implement non-financial reporting; studied the types and content of non-financial information reported locally by public interest entities in the banking and non-banking financial sector (banks and insurance companies) presented on their official website, as small businesses are currently not reporting. The applied comparative method served a good support in identifying the differences between the regulations and non-financial reporting practices at the national level compared to the European ones and at the global level. In order to have a good understanding of the role of non-financial reporting and its influence on the evaluation of the entity's performance, we collected and analyzed information from theoretical, methodological sources, information from the National Bureau of Statistics, scientific databases. In the process of scientific abstraction, we assessed the impact of International Financial Reporting Standards, including the set for small businesses, on improving the quality of information provided to interested parties, since at the local level there are no separate standards for non-financial reporting.

The issue of non-financial reporting is constantly being investigated and discussed at the country level and currently remains current. At the same time, an important problem in non-financial reporting at the local level is the lack of a clear legal regulation regarding its types, content and format; indicators regarding the performance of the reporting entity, etc., which would satisfy the information needs for managerial decision-making by both internal users and other external stakeholders. Entities from the small business sector in the Republic of Moldova are currently not reporting non-financial information and do not benefit from these opportunities, which lead to a decrease in their performance

evaluation and a lack of information for interested parties. At the same time, they also do not use the International Financial Reporting Standards (IFRS), which have already gained popularity among users of financial statements, being currently the most used financial reporting standards<sup>5</sup>. However, investors and many other interested users are increasingly demanding new methods of presenting both financial and non-financial information to assess the possibility of obtaining income from investments in companies and to show how the activity of large companies influences the public interest, the environment and society<sup>6</sup>. According to the regulatory framework at the national level, reporting according to IFRS is applied only by entities of public interest, which within the framework of non-financial reporting publish only the management report and the non-financial statement.

## 1. Literature Review Non-Financial Reporting

The relevance of information presented in non-financial reports by modern enterprises is widely studied in the works of domestic and foreign researchers. The topicality of the study in the given field is caused by the fact that the non-financial reporting of entities with different business models and the intensification of the globalization process are nowadays becoming an important source of information for making managerial decisions by different groups and stakeholders<sup>7</sup>.

In order to satisfy the information requirements regarding the performance of the entity, other authors propose the implementation of integrated reporting, which is clearly regulated worldwide. The need for its implementation came with the emergence of integrated thinking and reporting of organizations, as they include financial and non-financial capital in their annual disclosures<sup>8</sup>. However, investors and other financial actors to this day remain the key stake-

---

<sup>5</sup> *International Financial Reporting Standards (IFRS)*, Ministry of Finance of the Republic of Moldova. Legislative acts, available online: <https://mf.gov.md/ro/lex> [accessed: 6 July 2022].

<sup>6</sup> Lazari L., Grigori L., *Compatibility of the accounting curriculum with the requirements of the accounting profession in the labor market and its environment: realities, needs and expectations*, „International scientific conference on accounting, ISCA 2021”, 10 Edition, April 1-2, 2021, Collection of articles, ASEM, Chişinău 2021, p. 58, available online: [https://caae.ase.md/files/caae/conf/conf\\_aprilie\\_2021.pdf](https://caae.ase.md/files/caae/conf/conf_aprilie_2021.pdf) [accessed: 6 July 2022].

<sup>7</sup> Petryk O., Kurylo O., Karmaza O., Makhinchuk V., Martyniuk O., *Non-financial reporting of companies and the necessity of its confirmation by auditors in Ukraine*, „Problems and Perspectives in Management”, Volume 16, 2018, Issue #2, p. 385, available online: <https://www.businessperspectives.org/index.php/journals/problems-and-perspectives-in-management/issue-282/non-financial-reporting-of-companies-and-the-necessity-of-its-confirmation-by-auditors-in-ukraine> [accessed: 17 May 2022].

<sup>8</sup> Camilleri M. A., *Theoretical insights on integrated reporting: The inclusion of non-financial capitals in corporate disclosures*, „Corporate Communications” 2018, Vol. 23, No. 4, p. 568, available online: <https://www.emerald.com/insight/content/doi/10.1108/CCIJ-01-2018-0016/full/html> [accessed: 12 May 2022].

holders of many entities and are still the main stakeholders using corporate reports that reveal integrated information, which are becoming more efficient with the help of practitioners who are constantly refining them to improve their organizational management and strengthen its legitimacy vis-à-vis institutions and other stakeholders in society as it incorporates ESG information into IR. But, according to me, integrated reports cannot be limited only to given users, they can become an effective communication model in raising people's awareness of environmental protection and according to other authors in this sense they must be widely studied for media coverage and discussions on social networks<sup>9</sup>.

The benefits and transparency of reported non-financial information are demonstrated by researchers from the West University of Timisoara, Romania, who noted the high degree of transparency of information regarding the development of the entity and concluded that reporting to the environment, employees and the community are welcome because responsible companies invest in the trust of their stakeholders while improving their economic performance. Their findings that credibility and transparency are those impressions that stakeholders are left with after studying non-financial reports are also relevant to date<sup>10</sup>.

Other authors from Romania evaluate different factors that affect social responsibility through the lens of sustainability and social responsibility reports published by entities on their official pages. The authors highlighted the fact that there are guidelines issued to provide reporting entities with a framework for the preparation of these reports, but in Romania there is still no specific template for the preparation of social responsibility and sustainability reports and in this sense, I support the proposals that socially responsible practices come to the center of attention of responsible people, being one of the basic values of society<sup>11</sup>.

In the given context, to address the issues discussed, another GRI certified author, in her publication on non-financial Global Reporting Initiative (GRI), comes up with practical proposals for the preparation of the given report, studies the importance of non-financial reporting and presents concrete results

---

<sup>9</sup> Yasir Yasir, Nurjanah Nurjanah, Nova Yohana, Samsir Samsir, *Corporate Communications in Contribution to Addressing Environmental Problems: Case Study of an Indonesian State Oil Company*, „Information & Media” 2022, vol. 93, pp. 154, available online: <https://www.journals.vu.lt/IM/article/view/24302/24599> [accessed: 16 June 2022].

<sup>10</sup> Milu N. D., Hategan C. D., *Transparency Degree of Non-financial Information Disclosure*, „Annals of the University Ovidius Constanta”, XIX(2), 2019, p. 808, available online: [https://www.researchgate.net/publication/340828977\\_Transparency\\_Degree\\_of\\_Non-financial\\_Information\\_Disclosure](https://www.researchgate.net/publication/340828977_Transparency_Degree_of_Non-financial_Information_Disclosure) [accessed: 16 June 2022].

<sup>11</sup> Dumitrascu M., Feleagă L., *Mission, vision and organizational values, catalysts of social responsibility*, „Financial Audit”, XVII, Nr. 1(153)/2019, București, Romania, p. 71, available online: [http://revista.cafr.ro/temp/Articol\\_9607.pdf](http://revista.cafr.ro/temp/Articol_9607.pdf) [accessed: 29 June 2022].

from the company in which she works. According to her opinion, non-financial reporting creates a link between financial and non-financial performance and there is the possibility of a long-term prioritization of business plans with benefits for the company as well as in the external sphere. I agree that sustainability reporting has brought benefits in the case of the TMK Artrom Group entity, which are significant for the reason that sustainability performance has been monitored and evaluated, areas that require certain improvements have been identified and it has been possible to optimize certain processes, costs were reduced and productivity increased in certain areas, it was possible to compare the company's performance with other entities in the same activity sector, the company's visibility in the community increased as a result of the social responsibility initiatives presented in the published information and others improvements<sup>12</sup>.

Other authors conducted an empirical study, in which they investigated the relationship between corporate social responsibility (CSR) and profit in Romanian entities. Therefore, they concluded that companies that implement CSR activities to a greater extent are more profitable from an economic point of view, because reporting the given results, investors are increasingly interested in the social and environmental impact of these entities and as a result, so they want to invest in those that have a good CSR performance<sup>13</sup>.

I have also included in the investigation the studies presented in the Commission Report of D. Bolton, because it demonstrates that, not looking at the fact that SMEs differ greatly in terms of size, the sector in which they operate, the business model, they also have a specific, which defines their essence and highlighted some features, which demonstrates that information on the performance of entities in the SME sector is needed by stakeholders. These are: the small sales market, which does not allow the company to have a significant impact on prices; legal independence, i.e. the owner himself controls his business; personalized management, in other words, the owner personally participates in the management of his business<sup>14</sup>. D. Bolton is one of the first researchers to draw attention to the role of SMEs in the modern competitive

---

<sup>12</sup> Popescu L.C., Legal Advisor & Sustainability Manager TMK ARTROM Grup, „*GRI Non-Financial Reporting – Challenge and Solutions*”, November 28, 2019, available online: [https://govnet.ro/uploads/files/28\\_GOVNET%20Sustainability%20and%20Non%20Financial%20Reporting%202019%20%20TMK%20Group%20Laura%20Popescu.pdf](https://govnet.ro/uploads/files/28_GOVNET%20Sustainability%20and%20Non%20Financial%20Reporting%202019%20%20TMK%20Group%20Laura%20Popescu.pdf) [accessed: 11 June 2022].

<sup>13</sup> Hategan C. D., Sirghi N., Curea-Pitorac R. I., Hategan V. P., *Doing Well or Doing Good: The Relationship between Corporate Social Responsibility and Profit in Romanian Companies*, „Sustainability” 2018, 10(4), 1041, p. 4, available online: <https://www.mdpi.com/2071-1050/10/4/1041> [accessed: 14 May 2022].

<sup>14</sup> Bolton J. E., *Small firms: Report of the Committee of Inquiry on Small Firms*, Her Majesty's Stationery Office, London 1971, p. 51, available online: [https://www.scirp.org/\(S\(i43dyn45teexjx455qlt3d2q\)\)/reference/ReferencesPapers.aspx?ReferenceID=1798789](https://www.scirp.org/(S(i43dyn45teexjx455qlt3d2q))/reference/ReferencesPapers.aspx?ReferenceID=1798789) [accessed: 29 June 2022].

economy and these findings are still relevant today as only non-financial reporting will highlight entities in the SME sector and make a significant contribution to their development and capitalization.

SMEs' support policies and their impact assessment on business from different perspectives have been addressed by Moldovan scholars since the 1990s. Several local research papers are devoted to the problems of small and medium-sized business development at the local level: Doga-Marzac M. studied how to finance the small and medium sector and proposed effective measures on access to financing at the national and external level<sup>15</sup>; V. Turcanu, a notorious name among the research in the field in the country and I. Golocialova - development of accounting methodology and preparation of financial statements, improvement of the reporting framework<sup>16</sup>; Birca A., Lazari L. - treated the degree of transparency of an entity through the prism of reported information<sup>17</sup>.

Also, a great contribution to the development of accounting, financial and non-financial reporting in the country is made by the well-known researcher L. Grigoroï, who has several valuable local kinds of research in the given field. In his joint paper with one of the Romanian professors<sup>18</sup> he demonstrated that financial statements are insufficient to provide an overview of an entity's activity. I support the need to implement non-financial reporting by entities in the country, because in order to present an all-encompassing picture of an entity, reporting will have to include both traditional financial statements and some non-financial information, which include data on sustainable development, the impact of the entity's activity on the environment, social responsibility, because the need for integrated reporting, worldwide, is directly influenced by both the future relevance of financial reporting, which has recently been raising new requirements, and the requirements regulatory bodies and information users.

---

<sup>15</sup> Doga-Mîrzac M., *The functioning mechanism of microfinance organizations oriented towards the business environment*, „Studia Universitatis Moldaviae”, Exact and Economic Sciences Series, nr. 2 (122), 2019, p. 49, available online: [https://ibn.idsi.md/vizualizare\\_articol/83313](https://ibn.idsi.md/vizualizare_articol/83313) [accessed: 12 May 2022].

<sup>16</sup> Turcanu V., Golocialova I., *The development of the concept of accounting in the Republic of Moldova*, [In:] *Proceedings of the International Scientific Conference: Accounting and auditing in the globalized conditions: realities and prospects for development*, ed. 7., 19-20 apr. 2018, Chişinău, S. n., 2018, p. 27, available online: <http://irek.ase.md:80/xmlui/handle/1234567890/63> [accessed: 16 June 2022].

<sup>17</sup> Bîrcă A., Lazări L., *Transparency of information – important management instrument in ensuring performance and development of corporate governance*, „Akademos”, 1(60), 2021, p. 72, available online: [https://ibn.idsi.md/ro/vizualizare\\_articol/132011](https://ibn.idsi.md/ro/vizualizare_articol/132011) [accessed: 12 may 2022].

<sup>18</sup> Grigoroï L., Dumitru M., *Integrated reporting - perspective for entities from the Republic of Moldova*, „Conferinţei The accounting and auditing paradigm, national realities, regional and international trends”, Chişinău, Moldova, 5 edition 2016, p. 12, available online: [https://ibn.idsi.md/ro/collection\\_view/1434](https://ibn.idsi.md/ro/collection_view/1434) [accessed: 14 May 2022].

Multilaterally, through the analysis of statistical data; legal framework and policy documents; main international ratings, together with interviewing different groups of local entrepreneurs, SMEs support policies were analyzed by scholars E. Aculai, A. Stratan, and A. Novac. The results of the research showed, that the majority of entrepreneurs, over the years, indicated the deterioration of business environment conditions, although the opinions of certain groups of entrepreneurs differ significantly<sup>19</sup>. In this regard, the government's economic policy does not sufficiently take into account the opinion of entrepreneurs regarding the general changes in the business climate, as well as the specific problems faced by different groups of local entrepreneurs.

## 2. The theoretical and regulatory framework

It is known that non-financial reporting presents a way for the entity to publish information on the social, economic and environmental impacts and performances related to its current activities, but also to assume responsibility towards stakeholders. Non-financial information appeared to respond to the need for more complete information, revealing the entity's performance indicators.

The concept of non-financial information is increasingly used and could be understood as everything that is not financial, but there is no definition generally understood or generally accepted of it, and in practice it is used in many different ways. From the perspective of shareholders and investors, non-financial information is relevant and important in making investment decisions<sup>20</sup>.

For others, they are synonymous with sustainability or social, environmental and governance information, and for some, they are associated and equated with key performance indicators (KPIs). KPIs are generally quantitative measures that allow the quality, sustainability and variability of the company's cash flows and earnings to be assessed. Finally, non-financial information can be defined as all information disclosed by the company that cannot be explained with a currency and that includes information on environmental, social and governance reporting, corporate social responsibility (CSR)<sup>21</sup>. Non-

---

<sup>19</sup> Aculai E., Stratan A., Novac A., *Sme support policy in the Republic of Moldova and assessment of its impact on business development*, „Economy and Sociology”, no. 2/2018, p. 24, available online: <https://economy-sociology.ince.md/?edmc=1078> [accessed: 12 May 2022].

<sup>20</sup> Tarquinio L., Posadas S.C., *Exploring the term “non-financial information: an academics’ view*, „Meditari Accountancy Research. Department of Economic Studies”, Vol. 28, No. 5, 2020, D’Annunzio University of Chieti-Pescara, Pescara, Italy, p. 735, available online: <https://www.emerald.com/insight/content/doi/10.1108/MEDAR-11-2019-0602/full/pdf?title=exploring-the-term-non-financial-information-an-academics-view> <https://www.emerald.com/insight/2049-372X.htm> [accessed: 6 July 2022].

<sup>21</sup> Socoliuc M., Cosmulese C. G., Ciubotariu M. S., Mihaila S., Arion I. D., Grosu V., *Sustainability Reporting as a Mixture of CSR and Sustainable Development. A Model for Micro-Enterprises within the Romanian Forestry Sector*, „Sustainability”, 2020, Vol.12(2), 603, p. 24, available online: <https://www.mdpi.com/2071-1050/12/2/603>

financial reporting rules are almost unregulated. CSR reports are produced using a variety of principles and guidelines, which limits comparisons between companies, transparency and progress assessment. The problems of reporting non-financial information are constantly discussed in the specialized literature and by companies that prepare CSR reports, both sides are convinced of the benefits of their standardization<sup>22</sup>.

Firms in a service and trade industry that are perceived to have little negative impact on the environment and society are shaped by stakeholder, signaling, institutional, and agency theories. Strategic theories such as legitimacy, institutional, signaling, agency, and intergenerational equity theories explain the integration of non-financial reports into corporate reporting by firms in capital markets or countries that are heavily regulated<sup>23</sup>. Certainly, this study contributes to the evolving corporate reporting literature by identifying and contextualizing the various theories underlying the integration of non-financial information in corporate reporting.

At the same time, non-financial reporting presents both locally and globally the values of the economic entity, as well as the practiced business model while demonstrating the link between its strategy and its commitment to a sustainable economy. Globally, all companies that report information on sustainability apply the GRI standards<sup>24</sup>. They present the consensus of investors and other interested parties on the information that matters most for understanding a company's impact on society and the environment, prescribe who should report this information, and how it should be reported. In its reports entities can assess their own performance and risks in relation to other entities and identify opportunities for improvement. At the same time, they can also be used by charitable enterprises as a means of disclosing information on social, environmental and economic impact that provides assurance that their donations are used effectively.

Another internationally accepted framework is the AA1000 "Accountability Principles Standards" based on fundamental principles that underpin the de-

---

[accessed: 16 June 2022].

<sup>22</sup> Krištofik P., Lament M., Musa H., *The reporting of non-financial information and the rationale for its standardisation*, „Journal: Business Administration and Management”, 2016, Vol. 19, No. 2, pp. 157-175. available online: <https://www.ekonomie-management.cz/en/archiv/search/detail/1318-the-reporting-of-non-financial-information-and-the-rationale-for-its-standardisation/> [accessed: 6 July 2022].

<sup>23</sup> Haruna Maama, *Integration of Non-Financial Information into Corporate Reporting: A Theoretical Perspective*, „Academy of Accounting and Financial Studies Journal”, Research Article, 2020, Vol: 24, Issue: 2, available online: <https://www.abacademies.org/articles/integration-of-nonfinancial-information-into-corporate-reporting-a-theoretical-perspective-9152.html> [accessed: 6 July 2022].

<sup>24</sup>Global Reporting Initiative (GRI), available online: <https://www.globalreporting.org/standards/> <https://www.globalreporting.org/reporting-support/> [accessed: 14 May 2022].

velopment and presentation of non-financial reports, guide companies through the process of identifying, prioritizing, and responding to sustainability challenges, and collaborate with aligned organizations in the ESG ecosystem to integrate analysis of those issues into investment decision making, promote responsible business practices and transform their performance over the long term<sup>25</sup>. All of these are a vital necessity for local small and medium-sized businesses as well.

Directive 2014/95/EU of the European Parliament and of the Council<sup>26</sup>, the amendments to Directive 2013/34/EU regarding the presentation of non-financial information, identifies the need to increase transparency to a high and comparable level in all member states social and environmental information provided by businesses in all sectors in relation to average number of employees, balance sheet total and net turnover. So, as we can see, many SMEs are exempted from additional requirements and the obligation to present a non-financial statement only applies to large enterprises that are public interest entities and public interest entities that are parent enterprises of a large group, with an average number of employees over 500 in both cases. At the same time, the European Parliament and the Council provide that this provision should not prevent the member states from asking companies and groups, other than the companies that are the subject of the Directive, to present non-financial information<sup>27</sup>. We therefore conclude that to facilitate the presentation of non-financial information by small and medium-sized enterprises at the present time, non-binding guidelines, including general and sectoral key indicators of non-financial performance taking into account best practices, need to be developed, international developments and the results of related initiatives at European level, according to the proposals set out in the Directive in question.

The legal framework for the activity of small and medium-sized enterprises in the Republic of Moldova, as well as the state support measures for their creation and development are stable through criteria for defining small and medium-sized enterprises, which cumulatively meet the following conditions:

- have an average annual amount of employees (average written number of personnel during the management period) of up to 250;

---

<sup>25</sup> Account Ability Principles Standards. AA1000, available online: <https://www.accountability.org/standards/aa1000-accountability-principles/>; <http://www.mas-business.com/docs/AA1000APS%202008%20Final.pdf> [accessed: 12 May 2022].

<sup>26</sup> Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups Text with EEA relevance, available online: <https://eur-lex.europa.eu/eli/dir/2014/95/oj> [accessed: 12 May 2022].

<sup>27</sup> European Commission, *Guidelines on non-financial reporting (methodology for reporting non-financial information)*, „Official Journal of the European Union”, 2017/C 215/01, available online: [https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:52017XC0705\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:52017XC0705(01)&from=EN) [accessed: 29 June 2022].

- have an annual turnover (sales revenue) of up to EUR 2.5 million or have total assets (fixed and current assets) of up to EUR 2.5 million, according to the last approved financial statement<sup>28</sup>.

The turnover ceiling, which is foreseen as a criterion for defining small and medium-sized enterprises at the country level, is currently under public discussion and may be increased up to EUR 5 million concerning the evolution of macroeconomic indicators.

At the national level, financial and non-financial reporting is regulated by the new Law on accounting and financial reporting, in force from January 1, 2019<sup>29</sup>, accounting standards, other normative acts. The regulatory bodies in the field of accounting and financial reporting in the Republic of Moldova are The Ministry of Finance, the National Commission for Financial Markets, central specialized bodies, the National Bureau of Statistics, the Accounting and Financial Reporting Council, which is established under the Ministry of Finance and ensures the improvement of accounting and financial reporting at the local level. In its composition, apart from members, representatives of state institutions, members of the business and professional associations, the academic environment in the field of accounting also participate. The Ministry of Finance is responsible for the acceptance of International Financial Reporting Standards (IFRS), the elaboration and approval of National Accounting Standards (NAS); methodological guidelines, regulations, instructions, and other normative acts in the field of accounting and financial reporting.

The procedure of bookkeeping and applying the accounting standards is determined based on: total assets at the reporting date, sales revenue, and the average number of wage earners during the reporting period. Small entities in the Republic of Moldova keep double-entry bookkeeping and prepare simplified financial statements according to the local NAS, and non-financial reporting for them is not provided for by the regulatory framework.

### **3. Survey on the need for implementation non-financial reporting by local SMEs**

Entities in the small business sector, in addition to satisfying the demand for goods and services provided, need the necessary financing to ensure the prosperous development of their business. The chances of financing for local entities in the given sector can also be increased by the quality of the information presented in the non-financial reports, in addition to the financial ones current-

---

<sup>28</sup> Law no. LP179/2016 of 21.07.2016 regarding small and medium enterprises, available online: [https://www.legis.md/cautare/getResults?doc\\_id=105839&lang=ro](https://www.legis.md/cautare/getResults?doc_id=105839&lang=ro) [accessed: 6 July 2022].

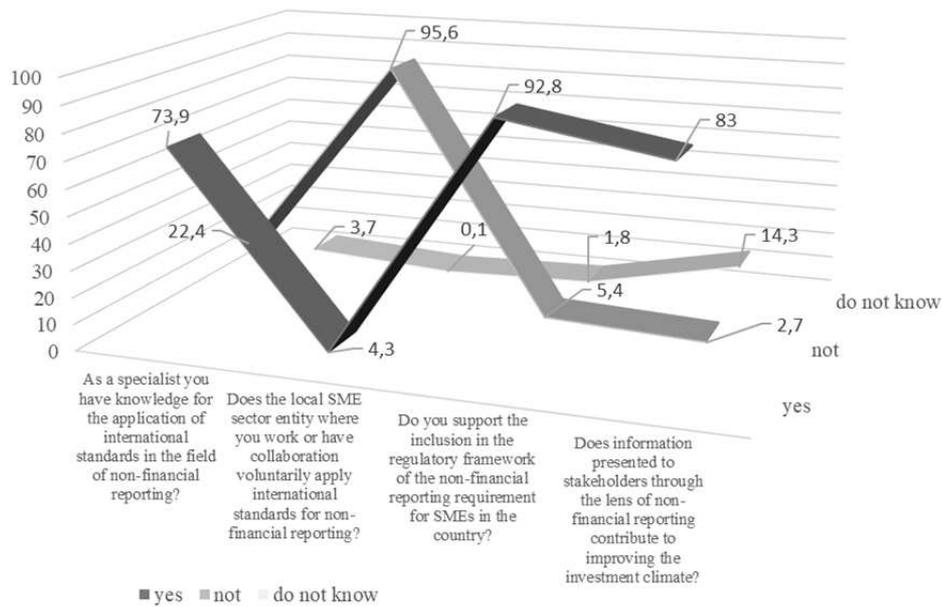
<sup>29</sup> Law on accounting and financial reporting, No. LP287/2017 of December 15, 2017, in force on January 1, 2019, available online: [https://www.legis.md/cautare/getResults?doc\\_id=125231&lang=ro](https://www.legis.md/cautare/getResults?doc_id=125231&lang=ro) [accessed: 6 July 2022].

ly presented in the simplified and abbreviated reports according to the SNC, applied at the national level.

In order to highlight some aspects related to the importance of implementing non-financial reporting in the entities of the small business sector in the country, the author initiated a survey of opinions based on a questionnaire of accounting and auditing employees who work within the enterprises small or have partnership relations with them.

112 respondents took part in the survey, who answered the questions included in the questionnaire as to whether they have knowledge of the application of international standards in the field of non-financial reporting; the entity in which the respondent works or has a tangential partnership with it, submits non-financial reports voluntarily, do they support the inclusion in the regulatory framework of the non-financial reporting requirement for small businesses in the country and if it contributes to improving the investment climate the information presented to interested parties through in terms of non-financial reporting. The results are presented by the author in the following figure:

**Figure 1.** Survey results on the implementation of non-financial reporting by entities in the small business sector in the country.



Source: Drawn up by the author based on survey results.

### **3.1. Survey results**

As we can see from figure 1 above, 73.9% of 112 respondents who participated in the survey, employees in the field of accounting and auditing in the entities of the small business sector in the country, or their partners, have knowledge for the application of international standards in the field of non-financial reporting. 92,8% of the respondents who participated in the survey agree that the implementation of non-financial reporting by entities in the small business sector is necessary for the development of their business and 83,0 percent of the participants confirm that the information presented to interested parties through the lens of reporting non-financial will contribute to improving the investment climate. Most of them mentioned that its implementation is welcome for the purpose of visibility of the performance of the reporting entity in the given sector of the national economy.

The majority of respondents who support the implementation of non-financial reporting for entities in the small business sector believe that the implementation of non-financial reporting is already an opportunity to attract foreign investment and also believe that it must be an imperative requirement within the reforms the reporting framework in the given sector of the economy at the local level.

The most common disadvantages mentioned in the survey are the additional costs for implementing information systems and training staff. Some respondents reported that they do not promote themselves on social networks, do not publish on their web page information about their activity and cannot provide an answer to the question about the visibility of the entity on the market, but also other advantages as a result of the implementation of non- financial. Few entities in the local small business sector, 4,3%, apply international standards for non-financial reporting in order to present comprehensive, truthful and comparable information for foreign investors.

### **4. Research results and discussion**

The peculiarities of non-financial reporting, in terms of types, content, format and choice of the set of indicators is a decision of the reporting entity itself, which depends on the structure, volume of the business model and other influencing factors, including the satisfaction of information needs of a wide range of users for the purpose of making managerial decisions.

The regulatory framework for financial reporting, which also includes requirements for non-financial reporting by public interest entities at the national level, has been significantly improved in recent years. In this contest, on 01 January 2019, the new Law on Accounting and Financial Reporting has been implemented, which establishes the basic regulatory framework, general principles and requirements, and the regulatory mechanism in the field of accounting and financial reporting in the Republic of Moldova.

As of 01 January 2020, the national standard “Presentation of Financial Statements”, is in force in the new wording<sup>30</sup>, which was developed based on Directive 2013/34/ EU, the Conceptual Framework for Financial Reporting, IAS 1 “Presentation of Financial Statements” and IAS 7 “Cash Flow Statement”. The standard governs the preparation and presentation of full, simplified, and abbreviated financial statements of entities applying the SNC. Financial statements are intended to present information useful in making economic decisions for a wide range of users like owners (partners, shareholders, founders, members), creditors, customers, employees, public authorities, and the public. To achieve this purpose financial statements, provide information on assets; equity; liabilities; income and expenses; cash flows.

Depending on the categories of entities set out in Law 287/2017 and its own information needs, the entity may prepare: full financial statements; simplified financial statements; or abbreviated financial statements. Under the established requirements, small entities in the Republic of Moldova prepare and present simplified financial statements, which include only the balance sheet; profit and loss statement, and explanatory notes, a fact that once again demonstrates the need for the development of non-financial reporting by entities in the sector of small and medium-sized enterprises in the country, which must complete the reporting framework with financial and non-financial information that is not presented in abbreviated or simplified financial statements.

Simultaneously, the Ministry of Finance has implemented the Methodological Guide for the preparation of financial statements, which was developed based on Law no. 287/2017, SNC, and other accounting regulations and has a recommendation character<sup>31</sup>.

Large entities and local public interest entities currently prepare and present annually, together with the financial statements, the management report, which contains an accurate presentation of the position of the entity, the development and performance of its activities and presents an analysis correlated to the size and complexity of the activities carried out.

The management report shall include information on: financial performance indicators<sup>32</sup>; non-financial performance indicators relevant to the entity’s busi-

---

<sup>30</sup> National Accounting Standard „Presentation of Financial Statements”, available online: <https://mf.gov.md/ro/lex/contabilitate-%C8%99i-audit> [accessed: 16 June 2022].

<sup>31</sup> Methodological guide for drawing up financial statements, Approved by Order no. 154 of 09.12.2020, Published: in „Official Gazette”, No. 360-371 art. 1389 of 25.12.2020. [https://www.legis.md/cautare/getResults?doc\\_id=124687&lang=ro](https://www.legis.md/cautare/getResults?doc_id=124687&lang=ro) [accessed: 16 June 2022].

<sup>32</sup>Law on accounting and financial reporting, No. LP287/2017 of December 15, 2017, in force on January 1, 2019, available online: [https://www.legis.md/cautare/getResults?doc\\_id=125231&lang=ro](https://www.legis.md/cautare/getResults?doc_id=125231&lang=ro) [accessed: 6 July 2022].

ness; the entity's growth prospects; research and development activities; redemption of social shares and own shares; the entity's subsidiaries; the principal risks and uncertainties facing the entity; environmental protection and employee career opportunities; where the use of financial instruments is significant for the assessment of the financial position and performance, the given entities shall also disclose information on their objectives and policies in risk management and the extent of their exposure to price risk, credit risk, liquidity risk and cash flow risk.

The public interest entity in the management report, following the legal framework at the local level, presents a separate chapter on corporate governance; the extent of the entity's compliance with the provisions of the corporate governance code; the entity's internal control and risk management systems concerning the financial reporting process; the significant participation quotas in the share capital, direct or indirect, beneficial owners and beneficial owners of any securities; the powers of the board and the executive body concerning the issue and redemption of securities; the powers and rights of management bodies, of the shareholders, of other holders of the entity's securities and how they may be exercised; the structure, operation, and composition of the entity's management bodies and committees.

As local SMEs are not reporting non-financial information, the author briefly presents the management report based on the information published on the website of the "Intact General Insurance" Joint Stock Company (18), which operates in the non-banking financial sector of the Republic of Moldova . The Management's annual report includes the results of the activity of the Company "Intact Asigurări Generale" S.A., for the reporting period from 01.01.2021 to 31.12.2021. The report was prepared under the current regulatory legal framework. The financial data are presented in the report following the individual financial statements of the company prepared based on International Financial Reporting Standards (IFRS). The author briefly presents the information carried out in the Management Report for 2021 in the following table:

**Table 1.** Report of the Management of the Joint Stock Company "Intact Asiguri Generale" for the year 2021.

Chapters of the report	Published information
1. Company development and performance	The company discloses information on its business in the general insurance categories as of 31 December 2021 according to the business license; presents information on employees and their business results in the reporting year; the priorities of the executive body in the given period and their orientation towards increasing the stability of the business, strengthening the market position, strict management of underwriting, operational and market risks, strategies to diversify the portfolio of insurance contracts. The chapter also discloses information on the performance achieved in the reporting year: the volume of written insurance premiums and paid insurance compensations; the number of technical provisions formed by the company as of 31 December 2021; analysis of the structure of costs and other expenses; description of the complex reinsurance program and its execution; results of investment activity, financial, profit and loss result; disclosure of information on solvency indicators, which correspond to the regulations in force established. The company has sufficient eligible assets and ensures honoring its long-term obligations that characterize its activity positively.
2. Development prospects of the Company	Disclosing information on business development prospects, the company presents the policies of continuous adaptation to periodic conjunctures to diversify the existing portfolio and access new areas of business; presents the results of the constant development of relationships with strategic partners, including international reinsurance partners; presents the prospects for the development of the planned strategic objectives.
3. The main risks and uncertainties the Company faces	This chapter describes the profile of significant risks for the activity carried out, very briefly, the main directions of risk mitigation, without any concrete, applied measures to manage and minimize them.

<b>Chapters of the report</b>	<b>Published information</b>
4. Career opportunities for company employees	The personnel policies implemented in 2021 are briefly presented, with no specific information in the given chapter. The company informs on the implementation of the training plan for its staff employed in sales activities, which is mandatory for entities in the non-banking financial sector, and encourages the participation of employees in courses organized by institutions of the sector, the payment of which is guaranteed by the entity.
5. Information on redemption, acquisition, alienation of own shares.	The Company describes the additional issuance of securities that occurred during the reporting period.
6. Information on the existence of subsidiaries	The disclosed information about company subsidiaries and their regional location.
7. Corporate governance of the Company	The company discloses very brief information on the corporate governance code and its application during the reporting period. Shows the main governance structures and shareholder structure as of 31.12.2021; information on the auditing committee, but information on the audit committee, which operates under the regulations of the non-banking financial sector supervisory body, the company did not submit.
8. Subsequent events.  Statements of the Executive Body on the legality of the preparation of the individual financial statements and the management report for the financial year 2021.	Information is provided on the risk assessment of the geopolitical situation in the region. The company, based on the individual financial statements published on its website, confirms that the main performance indicators: net asset value, size of technical reserves, solvency margin, and liquidity ratio meet the requirements of the regulatory acts in force issued by the Supervisory Authority and assesses the financial position as stable and the financial performance as positive.

Source: Drawn up by the author.

The comments regarding the disclosure of information in accordance with the requirements established by the regulatory framework in force, presented in the management report prepared by Compania "Intact Asigurări Generale" S.A.,

the author of the given study, are presented in table 1 separately for each chapter within its explanations for the purpose of clarity.

Following the result of the analysis of the information published on the official website of public interest entities in the banking and non-banking financial sector (banks and insurance companies) for the period 2021, it was observed that none of the entities analyzed published and prepared sustainability reports. Entities from the banking and non-banking financial sector on the official website publish: insurance companies - management report; banking institutions – the annual report, which includes financial and non-financial information regarding their activity in the reporting year. The interim management statement is published semi-annual.

State authorities regulating and supervising specific sectors of the national economy are the National Bank of Moldova<sup>33</sup> for the financial sector and The National Commission for Financial Markets<sup>34</sup> for the non-banking sector. As the activity of the entities in the sectors analyzed is subject to several risks, they develop and implement internal regulations on risk acceptance and management. In this area, the National Bank of Moldova (NBM) specifies some aspects of risk treatment for banks and addresses their standardization, bringing clarity to the provisions related to credit risk treatment of banking sector entities in the Republic of Moldova.

The regulatory requirements regarding the information presented in the management report also provide for information regarding environmental protection and the professional opportunities of employees, but not all analyzed reporting entities disclose this information, a fact that was established during their examination. In my opinion, only the establishment of regulatory requirements regarding the development and publication of the sustainability report and other non-financial reporting requirements, which allow reporting entities to individualize themselves, will capitalize on the information given in accordance with the type of their activity and contribute to the completion of the image of these entities of public interest in the examined sector, will provide information to the interested parties to evaluate their economic performance, as well as their impact on the environment.

Since the activity of entities in the banking and non-banking financial sector have a small negative impact on the environment and society, for the purpose of the veracity and originality of the opinions and conclusions formulated in the given article, the author analyzed the information presented on the websites of

---

<sup>33</sup> National Bank of Moldova (NBM), „*Regulation on minimum requirements for the Information and Communication Systems of banks*”, approved by HCE of the NBM no. 47 of March 14, 2018, available online: <https://www.bnm.md/ro/content/regulament-privind-cerinta-minime-pentru-sistemele-informationale-si-de-comunicare-ale> [accessed: 16 June 2022].

<sup>34</sup> National Commission for Financial Markets (NCFM), Regulatory framework, available online: <https://www.cnpf.md/ro/legi-6416.html> [accessed: 16 June 2022].

other companies in the country, following to which it was found that some entities with foreign investments present the following non-financial information:

- "MOLDOVAGAZ", the Moldovan-Russian Joint Stock Company published: "Annual report on natural gas supply activity"; Information on technical-economic indicators<sup>35</sup>.
- "Petrom Moldova", Limited Liability Company: Information on charitable missions and social projects<sup>36</sup>.
- Lukoil – Moldova, Limited Liability Company. Very succinct information on ecology; responsibility, industrial security, and labor protection; social and charitable partnership<sup>37</sup>.
- "Premier Energy Distribution" J.S.C., FCC (Foreign Capital Company). Corporate responsibility reports. Distribution service reports<sup>38</sup>.
- "Kaufland" in Moldova, Sustainability Report<sup>39</sup>.

After analyzing the non-financial information published by the above-mentioned entities on their websites, conclude that each of them presents incomplete, chaotic, and very different information in terms of content, which does not correspond to international non-financial reporting standards and best practices of developed economies, which obviously and urgently shows the need to improve the non-financial reporting framework at the local level and to implement standardized models of these reports. Unification of the content of published information on different aspects, related to ecological, social, and environmental issues is required. In my view, all this proves the need for local implementation of the sustainability report.

From the information published on the analyzed websites, I found, that only the company "Kaufland" in the Republic of Moldova has published the Sustainability

---

<sup>35</sup> „MOLDOVAGAZ” Moldovan-Russian Joint Stock *Company Reports*, available online: <https://www.moldovagaz.md/rom/despre-companie/rapoarte-158>  
<https://www.moldovagaz.md/rom/despre-companie/indicatorii-tehnico-economici> [accessed: 16 June 2022].

<sup>36</sup> Petrom Moldova, Limited liability company, *Information and social projects*, available online: <https://www.petrom.md/ro-md/promisiunea-marci/despre-petrom-moldova/csr> [accessed: 16 June 2022].

<sup>37</sup> Lukoil – Moldova, Limited Liability Company, *Information on ecology. Responsibility. Industrial security and labor protection. Social partnership and charity*, available online: <https://lukoil.md/ro/Responsibility/Ecology>;  
<https://lukoil.md/ro/Responsibility/Safety>;  
<https://lukoil.md/ro/Responsibility/SocialResponsibility> [accessed 16 June 2022].

<sup>38</sup> Premier Energy Distribution S.A., *Enterprise with foreign capital. Corporate responsibility reports*, available online:

<https://www.premierenergydistribution.md/ro/rapoarte>  
<https://www.premierenergydistribution.md/ro/rapoarte/rapoarte-de-responsabilitate-corporativa> [accessed: 16 June 2022].

<sup>39</sup> Kaufland Moldova, *Sustainability report*, available online: <https://despre.kaufland.md/ro/responsabilitate/sustenabilitate.html> [accessed: 6 July 2022].

ity Report, which operates for a short time in Moldova and for the first time published the report given for the financial year 2020. These annual reports are under GRI standards and include non-financial indicators, relevant to the activity of the company, the impacts of their activity, and providing public access to information to stakeholders.

Therefore, large and public interest entities operating in different sectors of the economy at the local level, to maintain competitiveness and to provide credible information to stakeholders, according to the national regulatory framework, but also voluntarily, according to the international framework and practices of developed countries, can develop non-financial information by ensuring an efficient reporting process, which will benefit both the reporting entity and its external sphere.

In the author's opinion, all this presents a challenge for small entities in the country. It has been shown that, in addition to satisfying the demand for goods and services, they provide jobs for a large part of the workforce, but they do not have access to the necessary financing, a fact that does not allow them to expand and develop profitably. I believe that the generation of significant financial and non-financial information increases the chances of small entities in the country to obtain additional financial resources, including foreign investment, but for this purpose the reporting of small businesses in the country must align with international standards.

Progress in the implementation of international standards by the country's small business sector entities and the improvement of the reporting system at the national level are also in line with the objectives of the National Development Strategy "Moldova 2030" (NDS) so that SMEs are relevant, useful, consistent and comparable<sup>40</sup>. In the framework of sustainable development, we can only speak of overall performance that brings together economic development, social development, and environmental protection. These priorities should also serve as the basis for non-financial reporting, which should become a priority for reporting companies and stakeholders. The most recommended non-financial reports for entities in the small business sector in the country to satisfy the information requirements of non-financial stakeholders, those reports that are practiced internationally and in countries with developed economies with a perfectly applied reporting system.

## **Conclusions**

Researching the theoretical, methodological and practical aspects of non-financial reporting, the analysis of the normative framework, the opinions of other authors and the totalization of the discussions presented in the given

---

<sup>40</sup> National Development Strategy „Moldova 2030”, available online: [https://cancelaria.gov.md/sites/default/files/strategia\\_nationale\\_de\\_dezvoltare\\_moldova\\_2030-t.pdf](https://cancelaria.gov.md/sites/default/files/strategia_nationale_de_dezvoltare_moldova_2030-t.pdf) [accessed: 16 June 2022].

article regarding the quality of non-financial reporting by the reporting entities in the country, the author came to the conclusion that the reporting non-financial means a number of challenges for entities in the small business sector at the local level. However, at the same time, the implementation of non-financial reporting for these entities presents significant opportunities that contribute to the integration of the concepts of sustainable development of their business.

Studying the importance of entities from the small business sector, the information published by the National Bureau of Statistics of the Republic of Moldova, the author found that they play an important role in the economy at the level of our country with a developed and comfortable agricultural sector for the development of small business, representing the majority businesses, half of the workforce and a third of sales revenue. So, we conclude that the current economic state of the country depends, to a large extent, on the activity of the small business sector and in this sense, the author proposes that the state-level support measures for the entities in the given sector be capitalized and made more efficient to increase the contribution their share in GDP, the increase in the number of competitive entities among small businesses, the increase in the workforce employed in these entities and the turnover of the entities of the given sector in the country for the purpose of the prosperous development of their business, an environment in harmony with economic and human activity on par with the practices of countries with developed economies. In this sense, we find that non-financial information has become a central concern among business leaders, regulatory authorities, investors; among consumers and other stakeholders.

Following the analysis of the non-financial reporting framework according to the national regulations in comparison with those at the world level, European and the practices of countries with developed economies, the author found major divergences in the regulatory framework; a low level of quality and efficiency of non-financial reporting by local entities in the sectors of the national economy of public interest. At the same time, it was found that the small businesses in the country currently do not present any other reports, except the simplified financial ones or the abbreviated ones according to the local framework of reports for businesses in the given sector, which diminishes the presentation of their performance for internal and external users. So, in the opinion of the author of the given study, the regulation of the non-financial reporting framework at the local level requires urgent improvement measures and at the same time it is vitally necessary to implement non-financial reporting by the entities in the small business sector in the country for the purpose of their visibility, strengthening relations with community and increasing investments in order to develop their business.

The importance of the researched topic regarding non-financial reporting at the local level, shows that it is relevant and should be addressed in future research.

I think that the decisive factor on the changes will probably be the modernization of business models at the level of entities in the small business sector and the increase in consumer demand for new high-performance services at the local level, which have a constant and inevitable impact on their activity.

### **Bibliography:**

1. Account Ability Principles Standards. AA1000, available online: <https://www.accountability.org/standards/aa1000-accountability-principles/>; <http://www.mas-business.com/docs/AA1000APS%202008%20Final.pdf> [accessed: 12 May 2022].
2. Aculai E., Stratan A., Novac A., *Sme support policy in the Republic of Moldova and assessment of its impact on business development*, „Economy and Sociology”, no. 2/2018, available online: <https://economy-sociology.ince.md/?edmc=1078> [accessed: 12 May 2022].
3. Bîrcă A., Lazări L., *Transparency of information – important management instrument in ensuring performance and development of corporate governance*, „Akademos”, 1(60), 2021, available on-line: [https://ibn.idsi.md/ro/vizualizare\\_articol/132011](https://ibn.idsi.md/ro/vizualizare_articol/132011) [accessed: 12 May 2022].
4. Bolton J. E., *Small firms: Report of the Committee of Inquiry on Small Firms*, Her Majesty's Stationery Office, London 1971, available online: [https://www.scirp.org/\(S\(i43dyn45teexjx455qlt3d2q\)\)/reference/ReferencesPapers.aspx?ReferenceID=1798789](https://www.scirp.org/(S(i43dyn45teexjx455qlt3d2q))/reference/ReferencesPapers.aspx?ReferenceID=1798789) [accessed: 29 June 2022].
5. Camilleri M. A., *Theoretical insights on integrated reporting: The inclusion of non-financial capitals in corporate disclosures*, „Corporate Communications” 2018, Vol. 23, No. 4, available online: <https://www.emerald.com/insight/content/doi/10.1108/CCIJ-01-2018-0016/full/html> [accessed: 12 May 2022].
6. Ciobanu M., *Analysis of activity indicators of SMEs according to forms of ownership in the Republic of Moldova*, [In:] *Annals of the National Institute of Economic Research*, 8th edition, National Institute of Economic Research, Republic of Moldova 2017, available online: <http://dspace.ince.md/jspui/handle/123456789/520> [accessed: 12 May 2022].
7. *Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups Text with EEA relevance*, available online: <https://eur-lex.europa.eu/eli/dir/2014/95/oj> [accessed: 12 May 2022].
8. Doga-Mîrzac M., *The functioning mechanism of microfinance organizations oriented towards the business environment*, „Studia Universitatis

- Moldaviae”, Exact and Economic Sciences Series, no. 2 (122), 2019, available online: [https://ibn.idsi.md/vizualizare\\_articol/83313](https://ibn.idsi.md/vizualizare_articol/83313) [accessed: 12 May 2022].
9. Dumitrascu M., Feleagă L., *Mission, vision and organizational values, catalysts of social responsibility*, „Financial Audit”, XVII, No. 1(153)/2019, București, Romania, available online: [http://revista.cafr.ro/temp/Articol\\_9607.pdf](http://revista.cafr.ro/temp/Articol_9607.pdf) [accessed: 29 June 2022].
  10. European Commission, *Entrepreneurship and Small and Medium-Sized Enterprises (SMEs)*, available online: [https://ec.europa.eu/growth/smes\\_en](https://ec.europa.eu/growth/smes_en) [accessed: 29 June 2022].
  11. European Commission, *Guidelines on non-financial reporting (methodology for reporting non-financial information)*, „Official Journal of the European Union”, 2017/C, 215/01, available online: [https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:52017XC0705\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:52017XC0705(01)&from=EN) [accessed: 29 June 2022].
  12. Global Reporting Initiative (GRI), available online: <https://www.globalreporting.org/standards/>  
<https://www.globalreporting.org/reporting-support/> [accessed: 14 May 2022].
  13. Grigoroii L., Dumitru M., *Integrated reporting - perspective for entities from the Republic of Moldova*, „Conferinței The accounting and auditing paradigm, national realities, regional and international trends”, Chișinău, Moldova, 5 edition 2016, available online: [https://ibn.idsi.md/ro/collection\\_view/1434](https://ibn.idsi.md/ro/collection_view/1434) [accessed: 14 May 2022].
  14. Hategan C. D., Sirghi N., Curea-Pitorac R. I., Hategan V. P., *Doing Well or Doing Good: The Relationship between Corporate Social Responsibility and Profit in Romanian Companies*, „Sustainability” 2018, 10(4), 1041, available online: <https://www.mdpi.com/2071-1050/10/4/1041> [accessed: 14 May 2022].
  15. Haruna Maama, *Integration of Non-Financial Information into Corporate Reporting: A Theoretical Perspective*, „Academy of Accounting and Financial Studies Journal”, Research Article, 2020, Vol: 24, Issue: 2, available online: <https://www.abacademies.org/articles/integration-of-nonfinancial-information-into-corporate-reporting-a-theoretical-perspective-9152.html> [accessed: 6 July 2022].
  16. International Financial Reporting Standards (IFRS), Ministry of Finance of the Republic of Moldova, Legislative acts, available online: <https://mf.gov.md/ro/lex> [accessed: 6 July 2022].
  17. IFRS standard for SMEs, available online: <https://www.ifrs.org/issued-standards/ifrs-for-smes/> [accessed: 6 July 2022].

18. Intact Asigurări Generale, *Rapoarte cu privire la transparență*, available online: <https://intact.md/transparenta/> [accessed: 6 July 2022].
19. Krištofík P., Lament M., Musa H., *The reporting of non-financial information and the rationale for its standardisation*, „Journal: Business Administration and Management” 2016, Vol. 19, No. 2, <https://www.ekonomie-management.cz/en/archiv/search/detail/1318-the-reporting-of-non-financial-information-and-the-rationale-for-its-standardisation/> available online: [accessed: 6 July 2022].
20. Kaufland Moldova, *Sustainability report*, available online: <https://despre.kaufland.md/ro/responsabilitate/sustenabilitate.html> [accessed: 6 July 2022].
21. Law no. LP179/2016 of 21.07.2016 regarding small and medium enterprises, available online: [https://www.legis.md/cautare/getResults?doc\\_id=105839&lang=ro](https://www.legis.md/cautare/getResults?doc_id=105839&lang=ro) [accessed: 6 July 2022].
22. Law on accounting and financial reporting, No. LP287/2017 of December 15, 2017, in force on January 1, 2019, available online: [https://www.legis.md/cautare/getResults?doc\\_id=125231&lang=ro](https://www.legis.md/cautare/getResults?doc_id=125231&lang=ro) [accessed: 6 July 2022].
23. Lazari L., Grigori L., *Compatibility of the accounting curriculum with the requirements of the accounting profession in the labor market and its environment: realities, needs and expectations*, „International scientific conference on accounting, ISCA 2021”, 10 Edition, April 1-2, 2021, Collection of articles, ASEM, Chișinău 2021, available online: [https://caae.ase.md/files/caae/conf/conf\\_aprilie\\_2021.pdf](https://caae.ase.md/files/caae/conf/conf_aprilie_2021.pdf) [accessed: 6 July 2022].
24. Lukoil – Moldova, Limited Liability Company, *Information on ecology. Responsibility. Industrial security and labor protection. Social partnership and charity*, available online: <https://lukoil.md/ro/Responsibility/Ecology;>  
<https://lukoil.md/ro/Responsibility/Safety;>  
<https://lukoil.md/ro/Responsibility/SocialResponsibility> [accessed 16 June 2022].
25. *Methodological guide for drawing up financial statements*, Approved by Order no. 154 of 09.12.2020, Published: in „Official Gazette”, No. 360-371 art. 1389 of 25.12.2020. [https://www.legis.md/cautare/getResults?doc\\_id=124687&lang=ro](https://www.legis.md/cautare/getResults?doc_id=124687&lang=ro) [accessed: 16 June 2022].
26. Milu N. D., Hategan C. D., *Transparency Degree of Non-financial Information Disclosure*, „Annals of the University Ovidius Constanta”, XIX(2), 2019, available online: [https://www.researchgate.net/publication/340828977\\_Transparency\\_Degree\\_of\\_Non-financial\\_Information\\_Disclosure](https://www.researchgate.net/publication/340828977_Transparency_Degree_of_Non-financial_Information_Disclosure) [accessed: 16 June 2022].

27. „MOLDOVAGAZ” Moldovan-Russian Joint Stock *Company Reports*, available online:  
<https://www.moldovagaz.md/rom/despre-companie/rapoarte-158>  
<https://www.moldovagaz.md/rom/despre-companie/indicatorii-tehnicoeconomici> [accessed: 16 June 2022].
28. National Development Strategy „Moldova 2030”, available online:  
[https://cancelaria.gov.md/sites/default/files/strategia\\_nationale\\_de\\_dezvoltare\\_moldova\\_2030-t.pdf](https://cancelaria.gov.md/sites/default/files/strategia_nationale_de_dezvoltare_moldova_2030-t.pdf) [accessed: 16 June 2022].
29. National Accounting Standard, „Presentation of Financial Statements”, available online: <https://mf.gov.md/ro/lex/contabilitate-%C8%99i-audit> [accessed: 16 June 2022].
30. National Bank of Moldova (NBM), *Regulation on minimum requirements for the Information and Communication Systems of banks*, approved by HCE of the NBM no. 47 of March 14, 2018, available online:  
<https://www.bnm.md/ro/content/regulament-privind-cerinte-minime-pentru-sistemele-informationale-si-de-comunicare-ale>  
 [accessed: 16 June 2022].
31. National Commission for Financial Markets (NCFM), Regulatory framework, available online:  
<https://www.cnpf.md/ro/legi-6416.html> [accessed: 16 June 2022].
32. National Bureau of Statistics (BNS), The activity of small and medium enterprises in the Republic of Moldova in 2020, available online:  
<https://statistica.gov.md/newsview.php?l=ro&idc=168&id=7066>  
 [accessed: 16 June 2022].
33. Organisation for Economic Cooperation and Development, „*ENHANCING THE CONTRIBUTIONS OF SMEs IN A GLOBAL AND DIGITALISED ECONOMY*”, Meeting of the OECD Council at Ministerial Level, Paris, 7-8 June 2017, available online: <https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf> [accessed: 06 June 2022].
34. Organization for the Development of the Small and Medium Enterprises Sector/ Organizația pentru Dezvoltarea Sectorului Întreprinderilor Mici și Mijlocii, „*The Strategic Development Directorates of the Organization for Development of Small and Medium Enterprises from Moldova (ODIMM)*”, available online:  
<https://www.odimm.md/ro/>  
[https://www.odimm.md/files/odimm/Directii\\_strategice\\_DIMM.pdf](https://www.odimm.md/files/odimm/Directii_strategice_DIMM.pdf)  
 [accessed 17 may 2022].
35. Petryk O., Kurylo O., Karmaza O., Makhinchuk V., Martyniuk O., *Non-financial reporting of companies and the necessity of its confirmation by auditors in Ukraine*, „Problems and Perspectives in Management”, Volume 16, 2018, Issue #2, available online:

- <https://www.businessperspectives.org/index.php/journals/problems-and-perspectives-in-management/issue-282/non-financial-reporting-of-companies-and-the-necessity-of-its-confirmation-by-auditors-in-ukraine> [accessed: 17 May 2022].
36. Popescu L.C., Legal Advisor & Sustainability Manager TMK ARTROM Grup, „GRI Non-Financial Reporting – Challenge and Solutions”, November 28, 2019, available online: [https://govnet.ro/uploads/files/28\\_GOVNET%20Sustainability%20and%20Non%20Financial%20Reporting%202019%20%20TMK%20Group%20Laura%20Popescu.pdf](https://govnet.ro/uploads/files/28_GOVNET%20Sustainability%20and%20Non%20Financial%20Reporting%202019%20%20TMK%20Group%20Laura%20Popescu.pdf) [accessed: 11 June 2022].
  37. Petrom Moldova, Limited liability company, *Information and social projects*, available online: <https://www.petrom.md/ro-md/promisiunea-marcii/despre-petrom-moldova/csr> [accessed: 16 June 2022].
  38. Premier Energy Distribution S.A., *Enterprise with foreign capital. Corporate responsibility reports*, available online: <https://www.premierenergydistribution.md/ro/rapoarte>  
<https://www.premierenergydistribution.md/ro/rapoarte/rapoarte-de-responsabilitate-corporativa> [accessed: 16 June 2022].
  39. Socoliuc M., Cosmulese C. G., Ciubotariu M. S., Mihaila S., Arion I. D., Grosu V., *Sustainability Reporting as a Mixture of CSR and Sustainable Development. A Model for Micro-Enterprises within the Romanian Forestry Sector*, „Sustainability” 2020, Vol.12(2), 603, available online: <https://www.mdpi.com/2071-1050/12/2/603> [accessed: 16 June 2022].
  40. Tarquinio L., Posadas S. C., *Exploring the term “non-financial information: an academics’ view*, „Meditari Accountancy Research. Department of Economic Studies”, Vol. 28, No. 5, 2020, D’Annunzio University of Chieti–Pescara, Pescara, Italy, available online: <https://www.emerald.com/insight/content/doi/10.1108/MEDAR-11-2019-0602/full/pdf?title=exploring-the-term-non-financial-information-an-academics-view>  
<https://www.emerald.com/insight/2049-372X.htm> [accessed: 6 July 2022].
  41. Țurcanu V., Golocialova I., *The development of the concept of accounting in the Republic of Moldova*, [In:] „Proceedings of the International Scientific Conference: Accounting and auditing in the globalized conditions: realities and prospects for development”, ed. 7., 19-20 apr. 2018, Chișinău, S. n., 2018, available online: <http://irek.ase.md:80/xmlui/handle/1234567890/63> [accessed: 16 June 2022].
  42. Yasir Yasir, Nurjanah Nurjanah, Nova Yohana, Samsir Samsir, *Corporate Communications in Contribution to Addressing Environmental Problems: Case Study of an Indonesian State Oil Company*, „Information & Media”,

2022, vol. 93, available online: <https://www.journals.vu.lt/IM/article/view/24302/24599> [accessed: 16 June 2022].

**Information about the author:**

Cristina Dolghii,  
Doctor of economics, Associate professor,  
University State Moldova,  
Faculty of Economics,  
Department of Accounting and Economic Informatics,  
Republic of Moldova  
ORCID <https://orcid.org/0000-0001-8836-7576>  
e-mail: [c.dolghi@cie.md](mailto:c.dolghi@cie.md)