ECO-FIN COMPASS: A SEMI-STRUCTURED PROTOCOL FOR EVALUATING MALAYSIAN MICRO, SMALL AND MEDIUM ENTERPRISE ESG INTEGRATION

Tahirah Abdullah[1]*, Siti Rohana Mohamad[2], Nur Farahiah Azmi[3], Amira Jamil[4] & Siti Salwani Abdullah[5]

[1,2,3,4,5]*Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan*

**Corresponding author: tahirah@umk.edu.my*

ABSTRACT

While Environmental, Social, and Governance (ESG) reporting is vital for global sustainability, its adoption among Malaysian Micro, Small, and Medium Enterprises (MSMEs) remains constrained by its non-mandatory status and a lack of specialized evaluation tools. The “Eco-Fin Compass” addresses this gap as a semi-structured interview protocol designed to move beyond binary "yes/no" compliance metrics to explore the nuanced "How" and "Why" of voluntary adoption. The protocol utilises a systematic two-phase framework: Phase 1 establishes researcher readiness through purposeful sampling of MSME owners and financial managers utilizing digital ESG tools; Phase 2 executes a four-phase interview script covering Introduction, Process, Causality, and Validation. This methodology specifically investigates the role of digital financial innovations such as financial apps in building capacity and overcoming traditional resource barriers. The uniqueness of this protocol lies in its Causality phase, which maps specific external drivers, such as bank financing requirements and consumer demand, to internal organisational policy shifts. While limited by a purposeful sampling strategy that restricts broad generalizability, the Eco-Fin Compass provides a replicable roadmap for researchers to evaluate authentic readiness and the longitudinal trajectory of ESG integration in emerging economies.

KEYWORDS: ESG, Interview, MSMEs, Qualitative, Reporting

PROBLEM AND OBJECTIVE

Despite the global push for sustainability, Malaysian Micro, Small, and Medium Enterprises (MSMEs) face a “compliance gap” as Environmental, Social, and Governance (ESG) reporting remains voluntary and resource-intensive (Al-Sartawi, 2021). Current assessment frameworks often rely on quantitative metrics that fail to capture the nuanced barriers and digital enablers unique to small-scale operations. There is a critical lack of structured qualitative tools that can decode the “how” and “why” behind early ESG adoption, specifically regarding the role of digital financial tools in building capacity within non-mandatory regulatory environments.

MSMEs contribute significantly to Malaysia's GDP but lag in ESG reporting due to its non-mandatory status and a perceived lack of technical expertise. The objective of the Eco-Fin Compass is to provide a standardized yet flexible qualitative framework that identifies the drivers of voluntary ESG integration and the specific digital tools that assist MSMEs in this transition.

DESIGN DESCRIPTION

The protocol is divided into two distinct logistical phases:

Phase 1 is Preparation & Participant Selection. This stage utilises Purposeful Sampling to target Malaysian MSME owners and financial managers who are already engaging with digital ESG tools. It ensures data integrity through an Essential Readiness Checklist, which includes signed consent, dual-recording for accuracy, and prior document reviews. Prior document reviews including existing financial or sustainability statements prepared by the MSMEs.

Meanwhile, Phase 2 is The Four-Phase Interview Script. In the introductory phase, the researcher must move beyond mere data collection to establish a relational atmosphere (Creswell & Poth, 2024). By aligning the interview's purpose with the participant's business mission, the researcher fosters a collaborative environment. As noted by Yin (2018), a successful case study interview follows a consistent line of inquiry while maintaining a conversational flow that respects the interviewee's perspective. Next phase is a process which moves beyond theoretical intend to verify the authentic readiness of the firm or business organisation. The phase emphasises on 'The How' is investigating the operational use of financial apps and digital learning tools. The discussion of 'the how' involves a deep dive area by asking questions on whether the business relies on manual records or has transitioned to digital tools to manage information, the role of digital learning tools in staff development, how digital channels are used to communicate employee welfare, safety protocols, and internal transparency measures to stakeholders. Then, the Causality phase of Eco-Fin Compass protocol highlight the moves beyond descriptive data to uncover the underlying motivations of 'The Why' by probing deeper motivations, such as investor pressure, customer demand, or long-term financial strategy. This phase also focuses on the internal and external pressures that influence a Malaysian MSMEs to adopt ESG practices despite them being non-mandatory. The questions such as 'Do you believe that ESG reporting affects your long-term business performance?', 'Are you aware that banks or government agencies are starting to consider ESG factors for financing or grants?', 'How has encountering these requirements in financing applications influenced your interest in ESG' and 'What specific reasons drive your willingness (or lack thereof) to allocate money and staff to reporting?' are types of interview questions that might be consider under this phase. Final phase is Closing whereby a validation step is undertaken to identify missed information and secure future longitudinal contact.

VISUALS

The Roadmap for Researchers infographic serves as the primary visual aid, mapping the researcher's journey from participant selection through to the four thematic phases of the interview, ensuring a high level of replicability (See Figure 1: Infographic).

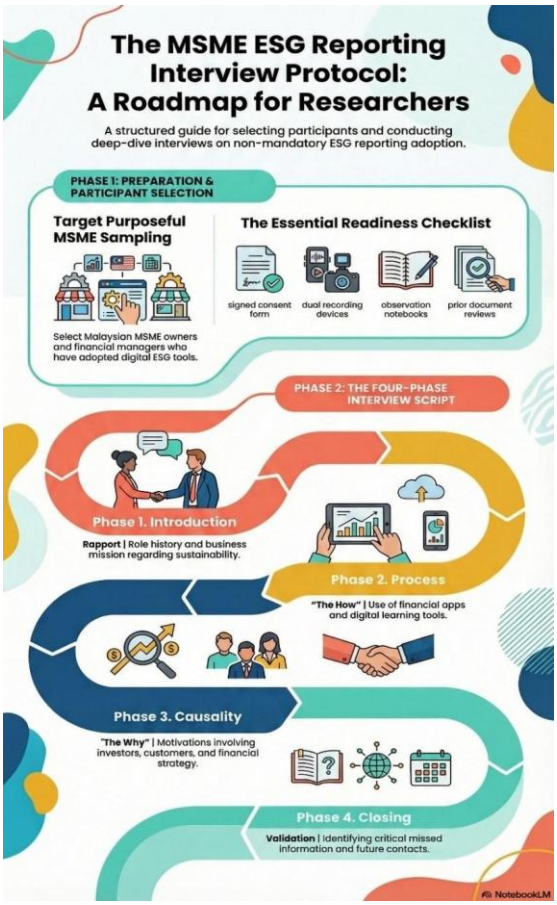


Figure 1: Infographic on the Interview protocol

NOVELTY AND UNIQUENESS

The Eco-Fin Compass offers a pioneering approach to sustainability research by specifically addressing the "how-to" gap in non-mandatory reporting environments. Unlike traditional ESG assessment tools that prioritise lagging quantitative indicators, this protocol's novelty lies in its integrated digital-sustainability focus. It is among the first semi-structured frameworks to explicitly investigate the operational connection between digital financial innovations and ESG maturity in the Malaysian MSME sector. A primary unique feature is the protocol's deep dive into the Process Phase, where it moves beyond measuring intent to auditing the actual use of financial apps and digital learning tools for capacity building. By specifically probing whether MSMEs

utilise digital monitoring for environmental waste reduction or energy saving, the protocol identifies how digital infrastructure serves as a primary enabler for sustainability disclosure in resource-constrained firms. Furthermore, the Eco-Fin Compass is unique in its ability to distinguish between manual records and digital management systems, allowing researchers to pinpoint exactly where technical complexity acts as a barrier to entry. This compass focus on the digital-ESG bridge provides a high-rigor methodological pathway that captures authentic readiness in a way that standardised surveys cannot.

BENEFITS TO MANKIND

By simplifying the evaluation of ESG, this protocol helps policymakers identify which digital tools effectively support sustainability. This encourages wider MSME participation in the green economy, leading to reduced environmental impact and more socially responsible business ecosystems in emerging markets.

COMMERCIAL POTENTIAL

The Eco-Fin Compass has potential as a Consultancy Framework. It can be adapted into a diagnostic tool for financial institutions to assess the "ESG readiness" of MSME loan applicants or developed into a subscription-based digital audit preparation kit for small businesses looking to enter global supply chains.

CONCLUSION

The Eco-Fin Compass addresses the qualitative void in ESG research. By focusing on the intersection of digital innovation and voluntary adoption, it provides a rigorous methodological pathway for understanding how MSMEs can transition from traditional operations to sustainable, future-ready enterprises.

REFERENCES

Al-Sartawi, A. M. (2021). Standardizing ESG reporting for SMEs in emerging markets. *Journal of Sustainable Finance & Investment.*

Creswell, J. W., & Poth, C. N. (2024). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (5th ed.). Sage Publications.

Yin, R. K. (2018). *Case Study Research and Applications: Design and Methods* (6th ed.). Sage Publications.