

Sustainable Accounting and Environmental, Social, and Governance (ESG) Reporting: Challenges and Implementation in Indonesian Companies

Tuti Setiatin

Universitas Linggabuana PGRI Sukabumi, Indonesia

Email: tuti.setiatin@stiepgri.ac.id

Abstract

The implementation of sustainable accounting and ESG reporting in Indonesia has become a strategic issue that continues to grow in line with the increasing demand for transparency from both global and domestic stakeholders. However, its implementation still faces various obstacles, both within the company and due to complex external factors. The imbalance in readiness between sectors, limited infrastructure, and minimal data integration are real challenges in realizing comprehensive ESG reporting. This study aims to identify obstacles and accelerate the implementation of ESG in corporate accounting practices in Indonesia. The study was conducted using a qualitative approach and data collection through literature reviews, previous studies, and relevant documents. The data obtained were described descriptively and qualitatively to explore patterns, dynamics, and strategies that can be accepted by the company. The results of the study show that the role of leadership, desire literacy, regulatory support, and multi-party collaboration greatly determine the success of ESG reporting. The implementation of the acceleration strategy requires a comprehensive internal transformation and the use of digital technology. Public policy support and government incentives are key to creating an effective and sustainable ESG reporting ecosystem in Indonesia.

Keywords: Accounting, ESG (Environmental, Social, And Governance), Report.



A. INTRODUCTION

The increasingly complex pace of global economic growth has pushed companies in various parts of the world, including Indonesia, to adjust to new expectations from stakeholders. These expectations are no longer solely oriented toward financial profit but also concern the company's role in maintaining environmental sustainability, social responsibility, and healthy corporate governance (Widhiyani et al., 2025). In this context, Indonesian companies face increasing pressure from investors, consumers, regulators, and civil society to demonstrate their accountability for non-financial issues that have long-term impacts on business continuity. Amidst this reality, many companies feel the need to reformulate their business strategies so that they are not only economically competitive but also socially and ecologically sustainable (Edwards, 2021).

Changes in the global and regional business landscape have also driven a transformation in corporate reporting practices in Indonesia. Companies can no longer rely solely on conventional financial reports as the only tool to communicate their performance. The emergence of sustainability reporting initiatives and demands

for transparency in the environmental, social, and governance dimensions have created new challenges in the corporate reporting system (Gunawan et al., 2022). On the other hand, Indonesian companies often still face internal and external obstacles in responding to these changes, including limited resources, lack of understanding at the managerial level, and the absence of a strictly binding national standard. This is compounded by the varying levels of readiness across industry sectors, with most small and medium-sized companies still in the early stages of understanding the importance of reporting that includes non-financial dimensions (Lisi et al., 2023).

Global pressure from international financial institutions, ESG rating agencies, and foreign investors also influences the dynamics of decision-making at the strategic level. Companies seeking to enter the global supply chain or attract foreign investment are faced with demands to meet increasingly stringent ESG reporting criteria. Many investors now require transparency on climate risks, social impacts, and internal governance as part of the due diligence process before investing. In this situation, Indonesian companies are in a dilemma. On the one hand, they want to increase their global competitiveness. On the other hand, they are often constrained by the lack of instruments, human resource capacity, and regulations that are not yet in line with international best practices (Park & Jang, 2021).

The complexity of this challenge is further amplified by rapid changes in policies and regulations at the global level, such as the emergence of European Union regulations on corporate sustainability due diligence, as well as climate reporting obligations for multinational companies. These policies have the potential to have direct and indirect impacts on Indonesian companies, especially those that are part of the international supply chain (Villiers, 2022). Local companies that want to maintain their existence in the global market must be able to adapt to the demands of ESG reporting as a form of legitimacy in the eyes of global stakeholders. However, this adjustment is not simple, as it involves structural changes, adaptation of internal reporting systems, and strengthening of organizational governance (Chopra et al., 2024).

In the national context, the Indonesian government has begun to respond to this global dynamic by encouraging the integration of sustainability aspects into economic and development policies. However, the translation of these policies into corporate accounting practices is still gradual and not yet uniform. The disparity in the implementation of sustainability reporting can be seen from the difference in commitment between large companies that are already listed on the stock exchange and companies that have not yet gone public. Large companies tend to be more responsive to demands for ESG reporting due to higher public and investor scrutiny, while small and medium-sized companies still consider this reporting as an additional burden that does not provide direct benefits to their business performance (Putri et al., 2022).

In addition, internal company dynamics are also factors that influence the slow implementation of ESG reporting. Lack of specific training in collecting and analyzing non-financial data, the unpreparedness of accounting information systems to support

sustainability reporting, and the lack of collaboration between functional units within the company are significant obstacles. In fact, in many cases, ESG reporting is only seen as an administrative obligation to meet minimum compliance with regulations, not as a strategic tool to improve reputation, operational efficiency, or relations with stakeholders (Abhayawansa & Adams, 2021).

This condition reflects the need for a more systemic approach to encouraging sustainable accounting and ESG reporting in Indonesia. Raising awareness is not enough if it is not accompanied by adequate supporting infrastructure, including incentive policies, relevant audit systems, and the involvement of accounting professional associations and higher education institutions. The lack of integration between important actors in the ESG reporting ecosystem has hampered the transformation process that should have been an opportunity for Indonesian companies to increase their competitive advantage in the long term (Setyowati, 2023).

This situation illustrates the reality that ESG reporting in Indonesia is not only a matter of accounting techniques, but also a matter of leadership, organizational culture, and the company's strategic vision. The shift towards sustainable accounting requires a profound paradigm shift, not just the symbolic adoption of applicable reporting standards. Amid global pressure and domestic expectations, Indonesian companies have the opportunity and responsibility to prove that sustainability can be integrated into their business practices. However, to do so, a more comprehensive understanding of the challenges and factors that influence the implementation of ESG reporting at the company level is needed.

B. LITERATURE REVIEW

1. Environmental Social and Governance (ESG)

ESG generally means a broad range of environmental, social, and corporate governance considerations that have the potential to impact a company's ability to execute its business strategy and build long-term value. As public awareness of social and environmental issues increases. Companies continue to be encouraged not only to seek profit but also to pay attention to the impacts caused by the company's operational activities, namely social and the surrounding environment (Zumente & Bistрова, 2021). The government itself as the regulator also regulates the implementation of Sustainable Finance for Public Companies, which through the Financial Services Authority (OJK) has required issuers to provide their sustainability reports to the public in the form of economic, financial, social, and environmental performance. Sustainable reports are applied to issuers based on their sectors from 2019 and will be implemented comprehensively in 2025 (Ardiana et al., 2025).

There are several definitions of Environmental, Social, and Governance according to experts, as follows:

- a. "ESG is a company standard in investment practices that integrates and implements its company policies so that they are in line with the concepts of environmental, social and governance" (Dmuchowski et al., 2023).

- b. "Environmental Social Governance (ESG) or environmental, social, and corporate governance is considered important in today's business world in measuring the sustainability and social impact of investments in companies or businesses in the future" (Ahmad et al., 2024).
- c. "Environmental Social Governance (ESG) is a series of assessment standards for company operations that refer to three main criteria in measuring the sustainability and impact of an investment in a company" (Shaikh, 2022).
- d. "Environmental Social Governance (ESG) is a company standard in its investment practices consisting of three concepts or criteria, namely environmental, social, and corporate governance. In other words, companies that apply ESG principles in their business and investment practices will continue to integrate and implement their company policies so that they are in line with the sustainability of these three elements" (Wahab et al., 2024).

Based on several opinions above, it can be concluded that the implementation of three concepts or criteria of the company consisting of environmental, social, and governance can have a positive impact on the company and its surrounding environment and can encourage sustainable long-term growth that will benefit the company and investors.

Environmental, social, and governance aspects are aspects that must be met in supporting economic, social, and environmental work to achieve sustainable business goals. These aspects include the following:

- a. Environmental Aspects
Environmental aspects include ecosystem preservation, access to land, biodiversity management, use of water and water sources, climate change, use of biofuels, climate change strategies, emissions management and reporting, environmental management, environmental standards, pollution control, product responsibility, waste and recycling, and environmental supply chain standards (Prasad et al., 2024).
- b. Social Aspect
Social aspects include public health, access to treatment, HIV and AIDS, nutritional fulfillment, product safety, community, charitable programs, education, employees, human rights, public relations, freedom and freedom of expression, labor standards, diversity, health and safety, labor organizations and labor supply chain standards (Dimitrov et al., 2022).
- c. Governance Aspect
Governance aspects include corporate governance mechanisms, audits and controls, corporate governance structures, management remuneration, shareholder rights, transparency implementation, human resource fulfillment, business ethics, fraud and corruption, political impact, accountability, whistle-blowing systems, sustainability management and reporting, disclosure and reporting, stakeholder engagement, compliance between regulations and regulators and governance of sustainable issues (Hossain et al., 2024).

C. METHOD

This study uses a qualitative approach to examine in depth the challenges and strategies for implementing sustainable accounting and ESG reporting in Indonesian companies. This approach was chosen because it is considered capable of capturing the complexity of the phenomenon being studied, especially related to internal company dynamics, external pressures from stakeholders, and structural barriers that cannot always be explained through a quantitative approach. The focus of the research is directed at the interpretative process of social and institutional symptoms that influence ESG reporting practices, allowing researchers to explore the meanings, perceptions, and adaptation strategies carried out by various actors in the corporate sphere. This approach also provides flexibility in identifying contextual issues that emerge dynamically along with the development of regulations and awareness of sustainability at the national and global levels. Research data will be obtained from various relevant and credible sources, such as previous research results and scientific publications related to ESG reporting. The selection of sources is carried out purposively by considering their relevance to the research theme and the ability of the source to provide in-depth substantive information. After the data has been successfully collected, the next stage is the process of processing and analyzing data using a descriptive-qualitative approach. This process is carried out by reducing data, grouping information based on themes, and interpreting emerging patterns concerning the focus of the research. In this way, the research is expected to be able to produce a complete understanding of the factors that influence the success or obstacles in implementing sustainable accounting and ESG reporting in Indonesia.

D. RESULT AND DISCUSSION

1. Internal Company Development in Implementing Sustainable Accounting

The internal evolution of companies in implementing sustainable accounting practices reveals a complex and multilayered dynamic, particularly within organizations undergoing a transition toward more integrated and holistic reporting frameworks. A critical determinant in this transformation is the role of managerial leadership—not merely as a strategic navigator but as a central catalyst for organizational change. Visionary leadership serves as a driving force in advancing the adoption of ESG reporting within the corporate environment, as success in this domain relies not only on technical competencies but also on the extent to which sustainability principles are embedded in strategic decision-making processes. When top executives prioritize ESG reporting as a core corporate objective, it often results in the strategic allocation of resources, the establishment of dedicated teams, and active engagement across all levels of the organization.

Alignment between the company's vision and strategy with the sustainability agenda is also an important prerequisite in creating an accounting system that is responsive to ESG issues. Companies that do not yet have a strategic direction that is

in line with sustainability principles generally have difficulty in formulating internal policies that support ESG reporting (Annesi et al., 2025). On the other hand, when the business strategy has integrated sustainability as a core value of the company, ESG reporting is no longer considered an administrative burden, but rather an instrument to strengthen the competitive position in the market. This process requires a reformulation of the company's long-term goals that not only emphasize economic growth but also contributions to social and environmental sustainability. In many cases, this kind of transformation requires time and consistency of policy, as well as a willingness to adapt to evolving external challenges.

Human resource readiness is the next crucial aspect in implementing sustainable accounting. Many Indonesian companies still face limitations in terms of technical capacity and in-depth understanding of ESG aspects. This is a serious obstacle because sustainability reporting requires more complex and multidimensional data management, which includes non-financial indicators such as carbon emissions, social impacts on communities, and internal governance structures (Hermawan & Handoyo, 2025). Without a trained workforce and a structured training system, a company's efforts to produce credible ESG reports tend to end up as mere formalities. Therefore, building internal capacity through continuous training, cross-departmental workshops, and strengthening the accounting division are important steps that cannot be avoided.

In practice, coordination between departments is also a major challenge in efforts to prepare a comprehensive sustainability report. ESG information does not come from just one department but is spread across various sections such as production, HR, finance, marketing, and procurement. The absence of a solid coordination mechanism causes data duplication, inconsistencies in reporting formats, and slow information collection. This challenge is further complicated when each department does not have the same perception of the importance of their contribution to ESG reporting. For this reason, companies need to form a cross-functional work structure that is able to integrate information from various operational lines and prepare clear reporting procedures, so that it can create a collaborative and focused work system.

In addition, changes to the internal reporting system are an inseparable part of the transformation process towards sustainable accounting. Many companies still rely on conventional reporting systems that only focus on financial data, so they are unable to accommodate the need for broader and transparently documented information. An accounting information system update is needed that is able to capture, process, and present ESG data with high accuracy and following applicable reporting standards. Modernization of this system includes the use of compatible software, the application of digitalization in field data collection, and database integration between departments. Without these changes, ESG reporting will struggle to achieve the levels of accuracy and reliability that stakeholders expect.

On the other hand, internal perceptions of the benefits of ESG reporting also determine the sustainability of its implementation. When this reporting is only

understood as an administrative obligation or a tool to fulfill regulations, it will be difficult to get full support from all parts of the organization. However, if ESG reporting is seen as a means to improve the company's reputation, operational efficiency, long-term risk management, and better relations with investors and the community, then collective motivation will be created to implement it seriously. This change in perception requires a process of internalizing sustainability values in the work environment, including effective internal communication, providing incentives for reporting contributions and aligning the performance evaluation system with ESG indicators.

Strengthening the company's internal aspects is the main foundation for driving the success of sustainable accounting implementation. The changes needed are not only structural but also cultural. To create ESG reporting that does not merely meet external demands, companies need to build an organizational culture that values transparency, accountability, and social responsibility as part of their corporate identity. In this context, every actor in the company has a strategic role, from top management to operational staff, so that the implementation of sustainable accounting truly becomes part of a living and growing value system in the organization.

2. External Factors Influencing ESG Reporting Implementation in Indonesia

The implementation of ESG reporting in Indonesia cannot be separated from various external factors that directly or indirectly influence the orientation and strategic decisions of companies. One of the most dominant external forces is pressure from global investors and international financing institutions that are increasingly directing their capital flows to companies that demonstrate a commitment to sustainability. Institutional investors such as pension funds, multinational financial institutions, and global asset managers now include ESG criteria as part of their due diligence in assessing a company's risk and growth potential. In this context, Indonesian companies that want to remain competitive in the global capital market are faced with the demand to present sustainability reporting that is credible and in accordance with international standards. This pressure also has an impact on market preferences, where investors are starting to avoid entities that fail to disclose adequate environmental, social, and governance information because they are considered to have hidden risks that can affect long-term performance (Poiriazi et al., 2025).

In addition to pressure from the global market, the implementation of ESG reporting is also greatly influenced by policies and regulations issued by national authorities. The Indonesian government through various institutions such as the Financial Services Authority, the Ministry of SOEs, and the Ministry of Environment has issued a number of guidelines and policies that encourage sustainability reporting practices among corporations. However, the effectiveness of these regulations is highly dependent on how far the rules are implemented consistently and have sufficient binding force. Some policies are still advisory or do not have clear sanctions, so many companies carry out ESG reporting only as a form of formal compliance.

When regulations are not supported by strong oversight mechanisms, the chances of symbolic and minimally substantive reporting practices become greater. Therefore, the quality of ESG reporting at the national level is highly determined by regulatory commitments that not only regulate but also provide incentives for companies that carry out reporting seriously.

The role of institutional actors such as professional associations, capital market organizations, and ESG rating agencies also has a major influence on the direction of sustainability reporting implementation in Indonesia. Professional associations such as the Indonesian Institute of Accountants or the Internal Auditor Association play an important role in shaping practitioners' technical and ethical understanding of ESG. Likewise, the Indonesia Stock Exchange as a capital market organizer plays a role as a driver through initiatives such as the ESG index and reporting obligations for public companies. In addition, ESG rating agencies that assess companies' sustainability performance also create reputational pressure that encourages companies to improve the quality of their reports. In this ecosystem, a form of social control emerges from the professional community and the market that demands higher transparency and accountability. The involvement of these institutions makes ESG reporting a common issue that is not only in the corporate domain but also a matter of broad public concern.

Public expectations for corporate transparency and accountability also play a significant role in shaping external pressures on ESG reporting. The public, through the media, NGOs, and consumer groups, are increasingly aware of the impact of corporate activities on the environment and society (Wong et al., 2021). In some cases, publicly voiced public pressure can lead to changes in corporate strategy or at least encourage them to improve their sustainability reporting systems. Critical public responses to issues such as environmental pollution, workers' rights, or governance integrity make ESG reporting an important tool for rebuilding public trust. This pressure is dynamic and can affect corporate reputations in the long term, especially when companies fail to demonstrate transparency about the social and environmental impacts of their operations.

Furthermore, the direction and consistency of government policies towards sustainable development in general also determine the extent to which ESG reporting can be implemented broadly and deeply. A government that has a long-term development agenda based on sustainability will create a policy climate that encourages companies to actively contribute. However, in reality, there is still often a gap between policy rhetoric and concrete actions in the field. Inconsistencies between government sectors, differences in development priorities between regions, and weak coordination across institutions mean that ESG implementation in the private sector lacks adequate structural support. The absence of a detailed national roadmap regarding ESG integration in the corporate sector has caused many companies to operate within their initiative framework, without coordinated guidance. This creates an implementation gap between companies with large capacity and medium or small companies that have a limited understanding of policy direction.

Meanwhile, the challenge of adapting to international ESG reporting standards that continue to develop is also an external factor that cannot be ignored. Reporting standards such as GRI, SASB, or TCFD continue to be updated and refined to respond to rapidly changing global dynamics, including the climate crisis and post-pandemic social challenges. Indonesian companies are faced with the need to follow these developments so that the reports they produce remain relevant and comparable at the international level. However, this adaptation is not without difficulties, because many companies do not yet have internal mechanisms that are able to adjust their reporting systems flexibly and quickly. In addition, differences in local context with global parameters sometimes confuse the reporting process, especially in determining the most relevant and material indicators. In this situation, uncertainty about applicable standards can result in resistance or confusion among companies that are still in the early stages of ESG implementation.

The implementation of ESG reporting in Indonesia is not only a technical issue within the company, but also the result of the tug-of-war of interests, influences, and expectations from various external actors. The synergy between market pressure, policy support, and participation of the community and professional institutions are important elements in driving the transformation of reporting practices to be more transparent and sustainable. Indonesian companies need to respond to these pressures not only as demands but as opportunities to increase competitiveness and build legitimacy amidst the changing global business landscape that increasingly demands comprehensive accountability.

3. Structural Barriers to Realizing Comprehensive Sustainability Accounting

Efforts to realize comprehensive sustainable accounting in Indonesia are still faced with various structural obstacles that are deeply rooted in the reporting system and corporate governance. One of the main obstacles is the limited supporting infrastructure that can guarantee the availability of accurate, systematic, and easily accessible ESG data. This infrastructure includes information technology, internal reporting systems, ESG-specific software, and cross-unit coordination mechanisms within the organization. In many companies, reporting infrastructure is still far behind the needs required to meet credible sustainability reporting standards. The lack of integration between internal data systems and ESG analysis tools makes the reporting process an additional burden that complicates company operations. When infrastructure is inadequate, the accuracy, consistency, and completeness of reported ESG information become very vulnerable to errors and manipulation.

Another equally important problem is the imbalance in readiness between sectors and company scales in adopting sustainable accounting practices. Large companies, especially those that are listed on the capital market or have international affiliations, generally have more resources, knowledge, and external encouragement to prepare sustainability reports (Toke & Kalpande, 2024). However, this condition is very different from medium and small companies that face limitations in terms of technical, human resources, and conceptual understanding. This imbalance has led to

gaps in the quality and quantity of ESG reporting, which has resulted in uneven fulfillment of sustainability responsibilities across industry sectors. In addition, certain sectors that are considered labor-intensive or high-risk to the environment are still showing resistance to the implementation of ESG reporting standards due to concerns about increased administrative burdens and potential exposure to public criticism.

Furthermore, another major obstacle is the lack of integration between financial data and sustainability data in the company's reporting system. Conventional accounting has so far focused on recording, reporting, and analyzing financial information, while ESG data is multidimensional and often comes from units that are not directly related to the finance function. This causes a separation between the two types of information, which ultimately hinders efforts to present reports that are holistic and can fully reflect the company's performance from a sustainability perspective. This disharmony not only creates complexity in collecting and compiling data but also makes it difficult to interpret the impact of sustainability on the company's financial condition comprehensively.

One of the causes of this lack of integration is the company's strong dependence on manual reporting systems that require a long process, are inefficient and are prone to human error. In many cases, ESG data is collected manually from various work units using non-standardized forms or spreadsheets. As a result, the information consolidation process is slow, makes validation difficult, and often hinders the preparation of reports on time. This reliance on manual methods reflects the weak adoption of technology in the ESG reporting process, even though an integrated digital system can speed up, simplify, and improve reporting accuracy. Without fundamental changes to this way of working, ESG reporting will continue to be in a non-strategic position and only serve as an administrative obligation.

In addition to technical and operational constraints, there is also uncertainty regarding the parameters and indicators that must be reported in the sustainability accounting framework. Although several international standards have provided guidance, many companies are still confused about determining which information is most relevant, material, and worthy of disclosure. This uncertainty is not only rooted in the lack of socialization and technical assistance but also due to the absence of a national consensus that can be used as a primary reference. Companies ultimately use very diverse approaches, ranging from presenting minimum data just to meet formal requirements to preparing reports that are too broad but lack focus. This condition creates a lack of uniformity in the quality of reporting and makes it difficult to compare between companies, even within the same sector.

The irregularity in ESG reporting is also exacerbated by the absence of a nationally standardized evaluation and supervision system. Many sustainability reports are prepared without a strict external verification process or independent assessment mechanism that can guarantee the quality and reliability of the data presented. In a system that does not have effective supervision, the opportunity for manipulative or symbolic reporting becomes greater. This weakens the credibility of

ESG reporting as a whole and reduces stakeholder trust in the sustainability commitments stated by the company. A weak oversight system also means there are no clear consequences for companies that report inaccurately, thereby creating no strong incentive to improve the quality of reporting in the future.

The implementation of sustainable accounting does not only depend on the internal will of the company, but is also greatly influenced by the institutional, technological, and policy ecosystems that support more established reporting practices. Collective efforts are needed from the government, professional associations, and the private sector to strengthen the supporting infrastructure, reduce inequality between business actors, and build a credible and trusted evaluation system. Without serious handling of these obstacles, sustainable accounting will find it difficult to develop into the main foundation in strategic decision-making and long-term risk management of companies in Indonesia.

4. ESG Implementation Acceleration Strategy in Corporate Accounting Practices

The strategy of accelerating ESG implementation in corporate accounting practices is a strategic step that not only aims to improve compliance with global trends but also to strengthen the company's long-term competitiveness. In this context, one of the fundamental elements that needs to be built is increasing sustainability literacy across all levels of the organization. This literacy includes a deep understanding of the importance of sustainability for business continuity, how to identify and measure the environmental and social impacts of company activities, and the ability to translate ESG data into relevant information for decision-making. Without increasing this literacy, ESG reporting will continue to be treated as an administrative obligation, not as part of a corporate strategy. Therefore, companies need to instill sustainability values through consistent internal communication processes, adjustments to work culture, and strengthening narratives that link sustainability to the company's added value in the future.

Developing consistent internal policies for ESG reporting is also an absolute requirement for creating an effective and sustainable reporting system. The policy not only concerns reporting requirements but also reflects the company's commitment to integrating sustainability principles into the entire value chain. This consistency must be reflected in various policy documents, ranging from standard operating procedures, and internal reporting guidelines, to performance evaluation systems that integrate ESG indicators (Arvidsson & Dumay, 2022). The policies that are formed must also be able to bridge between external demands and internal capacity so that they can encourage uniformity of practice across work units without ignoring the operational realities of each section. Strong internal policies will create an incentive system that encourages pro-sustainability behavior, while also being a control tool to ensure that ESG reporting is carried out with integrity and accuracy.

Along with the development of information technology, the use of digital technology to support automation and analysis of ESG data is an important strategy

that cannot be ignored. Technology allows the data collection process to take place in real-time and minimize human error while accelerating data analysis so that management can immediately respond to emerging sustainability risks. The use of an integrated digital platform also allows for a more interactive visualization of ESG performance that is easy for various stakeholders to understand. By adopting a technology-based sustainability information system, companies can strengthen accountability and increase efficiency in preparing reports. This is very crucial in facing pressure from global investors who want transparency and reliability of sustainability data. Without technology, companies will have difficulty meeting the demand for increasingly complex and detailed ESG reporting.

In addition to internal strengthening, collaboration with external stakeholders is also an important strategy in building an ESG reporting system that is contextual and relevant to local conditions. Stakeholders such as regulators, industry associations, NGOs, academics, and local communities can provide valuable input on the sustainability issues that are most material to companies in a particular region or sector. Through multi-stakeholder dialogue, companies can identify the most impactful ESG indicators and gain legitimacy in preparing reports that reflect shared needs. This collaboration also allows for the creation of reporting standards that are more adaptive to national challenges, considering that not all indicators in international standards can be directly adopted by companies in developing countries. Therefore, companies need to actively build partnerships and joint forums to discuss best practices, develop reporting guidelines, and evaluate the effectiveness of ESG policies that have been implemented.

The ESG implementation acceleration strategy will also not be successful without a continuous training program for accountants and management. Sustainability reporting requires mastery of new skills that include cross-disciplinary understanding, ranging from environmental impact analysis, and social data management, to governance risk assessment. Therefore, companies need to invest resources in organizing technical and strategic training regularly. This training is not only aimed at implementing staff but also at work unit leaders so that they are able to guide their teams and ensure the accuracy and relevance of ESG reports. In addition, training needs to be focused on increasing the capacity to use digital tools, understand international reporting frameworks, and build a critical understanding of the relationship between ESG and business strategy. Without adequate competence, ESG reporting will remain at the surface level and will not be able to provide strategic contributions to the company's growth.

In order for these strategies to run effectively, government support in the form of incentives and affirmative policies is a very vital driving force. The government can provide fiscal stimulus such as tax reductions, access to green financing, or priority in public procurement for companies that demonstrate good ESG performance. In addition, the government can also create a regulatory framework that encourages ESG reporting in stages, but with clear direction and supervision. Such support will create a more conducive climate for companies to take progressive steps without fear of

excessive financial or administrative risks. The government can also facilitate the formation of a national ESG ecosystem by developing locally relevant reporting standards, strengthening the capacity of audit institutions, and integrating ESG into national development policies. With state support, companies no longer work in isolation to promote sustainability, but become part of a collective transformation agenda towards a more resilient and responsible economic system.

E. CONCLUSION

The implementation of sustainability principles in corporate accounting practices still faces various challenges, both internally and externally. Internally, companies are still struggling to build an organizational foundation capable of managing ESG information in a structured manner, starting from the readiness of human resources, and relevant reporting systems, to the integration of strategic vision with the sustainability agenda. Structural barriers such as limited infrastructure, disparities in readiness between sectors, and minimal integration of financial data with sustainability data increasingly make it clear that the transformation towards comprehensive ESG reporting requires comprehensive reforms within the organizational system and culture. Meanwhile, externally, pressure from global investors, evolving regulations, and public expectations for transparency are driving companies to adapt to more accountable reporting standards. However, the response to this pressure has not been fully integrated into the company's accounting system, mainly due to the lack of binding national policies and weak evaluation systems. Therefore, accelerating ESG implementation requires a collaborative and multi-layered strategy, including increasing sustainability literacy, utilizing digital technology, strengthening internal policies, and supporting more progressive public policies. Without simultaneous support from various actors, ESG reporting in Indonesia will find it difficult to develop from merely an administrative obligation to a strategic tool to drive sustainable business transformation.

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