

# Institutional work in making sustainability reporting mandatory in Indonesia through sustainable finance

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Putu Agus Ardiana

*Department of Accounting, Faculty of Economics and Business, Udayana University, Denpasar, Indonesia*

Ni Nyoman Ayu Diantini and I Made Surya Negara Sudirman

*Department of Management, Faculty of Economics and Business, Udayana University, Denpasar, Indonesia, and*

I Putu Gede Sudana, Ni Putu Achintya Wibawa Putri and

Kadek Dwi Linda Yanthi

*Department of Accounting, Faculty of Economics and Business, Udayana University, Denpasar, Indonesia*

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## Abstract

**Purpose** – This study examines the institutional work that led to mandatory sustainability reporting in Indonesia, focusing on ALPHA's role in introducing GRI-based standards and influencing regulatory evolution under POJK 51/2017.

**Design/methodology/approach** – A qualitative approach involving 35 semi-structured interviews with corporations, regulators, NGOs, industry associations, consultants and academics was employed. Thematic analysis uncovered key patterns in the institutionalisation process.

**Findings** – ALPHA's institutional entrepreneurship, boundary work and normative framing spurred early sustainability reporting adoption. Cultural alignment framed reporting as a societal norm, facilitating regulatory acceptance and embedding transparency as a cornerstone of corporate governance under POJK 51/2017.

**Research limitations/implications** – Findings are specific to Indonesia. Future research could explore comparative contexts or investigate how voluntary initiatives evolve into regulatory frameworks in other emerging markets.

**Practical implications** – Policymakers can enhance regulatory frameworks by aligning them with cultural values, while corporations may view sustainability practices as strategic assets for legitimacy and reputation.

**Social implications** – Aligning sustainability reporting with cultural values fosters corporate transparency and builds public trust.

**Originality/value** – This study contributes to the institutional work framework by demonstrating how cultural alignment and agency facilitate the institutionalisation of sustainability reporting in an emerging market.

**Keywords** Institutional work, Institutional entrepreneurship, Mandatory sustainability reporting, POJK 51/2017, Sustainable finance, Cultural values

**Paper type** Research paper

## 1. Introduction

In recent decades, corporate sustainability reporting has gained increasing global importance as businesses face mounting pressure from stakeholders to address environmental, social and governance (ESG) challenges (Mgbame *et al.*, 2020). Environmental and social challenges include climate change, resource scarcity and social inequality, while corporate governance issues encompass transparency, ethical business practices and executive accountability (Tilba, 2022). This growing pressure has prompted many countries to transition sustainability



reporting from a voluntary initiative to a regulatory requirement. The transition signals a critical transformation in how companies are expected to communicate their impact on society and the environment (Doni *et al.*, 2020). A recent survey by KPMG (2024) highlights that over 70% of the world's largest companies are now subject to some form of mandatory sustainability reporting, emphasising the global shift towards regulatory compliance. In Indonesia, this transformation was formally marked by the issuance of POJK 51/2017, which mandates sustainability reporting for financial institutions and publicly listed companies as part of the country's broader sustainable finance initiative (Adhariani and du Toit, 2020). However, the journey towards this regulatory milestone was not a straightforward imposition of compliance. Instead, it was the culmination of institutional work carried out by key actors for more than a decade, shaping corporate norms and behaviours long before mandatory reporting was established.

This paper aims to investigate the institutional work that made sustainability reporting mandatory in Indonesia, focusing on the pivotal role played by a corporate entity, ALPHA, which introduced sustainability reporting in the early 2000s. By encouraging public companies on the Indonesia Stock Exchange (IDX) to voluntarily disclose their sustainability performance, ALPHA laid the foundation for the eventual formalisation of these practices through POJK 51/2017. The objective of this research is to critically examine how ALPHA's actions contributed to the creation, dissemination and eventual institutionalisation of sustainability reporting norms in Indonesia. Specifically, the research seeks to answer the question: How did institutional work carried out by ALPHA and other key actors lead to the mandatory implementation of sustainability reporting in Indonesia?

The novelty of this paper lies in its comprehensive examination of the institutional work involved in transitioning sustainability reporting from a voluntary practice to a mandatory regulatory requirement. While studies such as Doni *et al.* (2020) and Lombardi *et al.* (2022) have examined the impact of sustainability regulation, their focus has predominantly been on post-regulatory outcomes. Doni *et al.* (2020) explore how compliance mechanisms operate under regulatory mandates, while Lombardi *et al.* (2022) examine the role of market-driven incentives in sustainability reporting adoption. By contrast, this study provides a granular analysis of how voluntary initiatives create normative pressures that lead to formal regulation. This research shifts attention to the pre-regulatory phase, investigating the mechanisms and strategies employed by institutional entrepreneurs, such as ALPHA, in preparing the groundwork for regulatory changes.

This study offers an in-depth analysis of how corporate actors and stakeholders—through advocacy, education and engagement—created normative pressures that eventually culminated in formal regulation. This temporal and incremental approach to understanding the evolution of sustainability reporting is rarely addressed in existing literature. By building on Lawrence and Suddaby's (2006) conceptual framework, which advances institutional theory through a focus on institutional work, this paper makes a distinct contribution to both institutional theory and sustainability reporting research. Additionally, the study's focus on the Indonesian context, where local cultural and economic factors played a significant role, provides a fresh perspective that sets it apart from Western-centric studies on sustainability reporting (Adhariani and du Toit, 2020; Tauringana, 2021).

Indonesia offers a compelling case for study due to its status as one of the largest emerging economies in Southeast Asia, shaped by unique cultural, regulatory and economic dynamics that influence corporate behaviour (BI, 2023). Its economy, heavily reliant on natural resources, highlights the critical importance of environmental sustainability (Bhinekawati, 2017). Unlike emerging markets such as Brazil or India, where sustainability reporting regulations were introduced abruptly (Zaini *et al.*, 2018), Indonesia adopted a gradual approach, starting with voluntary corporate initiatives led by institutional entrepreneurs like ALPHA before transitioning to formal government regulation. This extended, decade-long process contrasts with the swift implementation of regulatory mandates in other markets. By examining Indonesia, this study provides valuable insights into the evolution of

sustainability reporting within a diverse and complex institutional environment, enriching the broader discourse on sustainability practices in emerging economies.

The motivation behind this research stems from a growing need to understand how institutional practices, such as sustainability reporting, evolve from voluntary initiatives to regulatory requirements, especially in emerging markets. While the institutionalisation of sustainability reporting has been extensively studied in Western contexts (e.g. [Farooq and de Villiers, 2019](#); [Higgins et al., 2018](#)), less is known about how such processes unfold in countries like Indonesia, where local economic, cultural and regulatory dynamics play a significant role in shaping corporate behaviour. ALPHA's unique role as an institutional entrepreneur—actively engaging with various stakeholders through training, advocacy and knowledge dissemination—provides a rich case for exploring the incremental and temporal dimensions of institutional work ([Lawrence et al., 2009](#)), which are often overlooked in the literature.

This study addresses a critical research gap by focusing on the role of voluntary corporate initiatives and stakeholder engagement in the institutionalisation of sustainability reporting in Indonesia. Existing literature has predominantly examined coercive mechanisms of regulation and compliance (e.g. [Pedersen et al., 2013](#)), often underestimating the interplay of normative and cognitive elements in shaping corporate practices. By investigating how ALPHA collaborated with regulators, corporations and non-government organisations (NGOs) to foster a sustainability culture, this research elucidates the multifaceted nature of institutionalisation in emerging markets.

The contribution to theory lies in applying the institutional work framework to sustainability reporting in an emerging market context. This study demonstrates how voluntary corporate initiatives and stakeholder education shape corporate norms and create pressures that lead to regulatory change. Prior research has largely focused on post-regulatory outcomes, such as compliance mechanisms ([Doni et al., 2020](#)) and market-driven incentives ([Lombardi et al., 2022](#)), or the challenges of aligning with global standards in emerging markets ([Orazalin and Mahmood, 2020](#)). By contrast, this study shifts attention to the pre-regulatory phase, highlighting the role of local institutional actors in adapting global norms to fit unique cultural and regulatory contexts. It provides a localised perspective on how sustainability reporting evolves in non-Western settings, enriching the broader literature on corporate sustainability. Practically, the findings offer insights for regulators on designing culturally aligned frameworks and for corporations on leveraging sustainability practices to build legitimacy and stakeholder trust.

The remainder of this paper is structured as follows: [Section 2](#) provides contextual background; [Section 3](#) reviews the extant literature; and [Section 4](#) describes the research methods. [Sections 5](#) and [6](#) show the results and discuss the research findings, respectively and [Section 7](#) concludes the paper.

## 2. Contextual background

Indonesia's active role in global politics and economics has been shaped by its integration into international networks that introduced new ideas on economic, social, environmental and governance issues ([Datta et al., 2011](#)). Since independence in 1945, Indonesia's "free and active" foreign policy has promoted international cooperation while avoiding conflicts ([Shekhar, 2018](#)). As a founding ASEAN member, Indonesia is key to regional economic integration, notably through the ASEAN Economic Community's 2025 blueprint, which prioritises green development and sustainability ([ASEAN, 2015](#)). Following the 1998 economic crisis, Indonesia entered the *Reformasi* (reform) era, bringing major political and economic reforms through constitutional amendments and democratic elections, which stabilised the nation ([Crouch, 2010](#)). This stability, along with greater global market engagement, spurred Indonesian companies' interest in voluntary sustainability reporting ([Gunawan, 2016](#); [Firmialy and Naingolan, 2019](#)). The Reform Era transformed Indonesia's

political landscape from the New Order's three-party dominance to a diverse system, with 48 parties in the 1999 election and direct presidential elections introduced in 2002 (Crouch, 2010; Butt, 2015). This more open democracy has empowered media, NGOs and social organisations, fostering public discourse and engagement on topics like sustainability reporting, creating a supportive environment for increased stakeholder involvement in corporate transparency (Jurriëns, 2009; Unerman and Bennett, 2004). Indonesia, Southeast Asia's largest economy and a G20 member, remains a prime investment destination despite a COVID-19-induced GDP decline, backed by strong credit ratings (BI, 2023). As a top exporter of commodities like palm oil and nickel, Indonesia faces growing pressure to balance sustainability with resource-intensive economic growth while offering tax incentives to attract foreign investment (Blenkinsop, 2019).

Indonesia's corporate responsibility and sustainability efforts are rooted in national values like *gotong royong* (mutual cooperation) and *Pancasila* (five guiding principles: belief in God, humanity, unity, democracy, social justice). These values emphasise social harmony, ethics and community welfare, shaping corporate practices and CSR by aligning business actions with cultural principles (Dewi et al., 2019). This alignment fosters relational institutional work, building trust and legitimacy as companies co-create CSR initiatives to meet both corporate and community needs (Rifai-Hasan, 2009). *Gotong royong* reinforces community-focused CSR by promoting direct engagement with local stakeholders, fostering partnerships that reflect Indonesia's collective spirit and shared responsibility (Dewi et al., 2019). This culturally embedded approach gives institutional work a unique relational aspect, with CSR and sustainability initiatives designed to resonate with local values rather than merely meeting regulatory standards (Greenwood et al., 2011). Integrating cultural values aligns CSR practices with national and global standards, enabling socially accepted, impactful programs in Indonesia. As Indonesia modernises and globalises, it seeks to balance traditional culture with global values. This is reflected in CSR, where companies engage local communities and respect regional customs to gain acceptance. CSR has become a vital strategy for addressing socio-economic disparities, with businesses providing scholarships and social investments to support poverty alleviation and education (Patunru et al., 2018).

Legally, Indonesia has advanced toward global sustainability goals, as seen in Presidential Decree No. 59 of 2017, which aligns with the sustainable development goals (SDGs) through the *Nawacita* platform, emphasising prosperity, inclusion and environmental awareness (Gunawan et al., 2020; Bappenas, 2019). Corporate social and environmental responsibility (*Tanggung Jawab Sosial dan Lingkungan* or TJSL) was formalised through Corporation Law No. 40 of 2007, mandating reporting for natural resource companies. However, critics argue regulations are fragmented and focus on procedural compliance over meaningful sustainability, especially in state-owned enterprises (SOEs) with complex frameworks like PKBL (*Program Kemitraan dan Bina Lingkungan* or Partnership and Community Development Program) and P3M (*Program Pengembangan dan Pemberdayaan Masyarakat* or Community Development and Empowerment Program), creating overlapping compliance demands (Bhinekawati, 2017). SOE regulations mandate profit allocations for small and medium enterprise (SME) development and community empowerment (PER-02/MBU/7/2017). Mining SOEs must also report on community programs per Decree No. 1824 K/30/MEM/2018. Despite overlapping requirements, Indonesia advanced mandatory sustainability reporting with POJK 51/2017, requiring financial institutions, issuers and public companies to disclose sustainability performance (Adhariani and du Toit, 2020).

### 3. Literature review

#### 3.1 Institutional work and institutional entrepreneurship in institutional theory

Institutional work—i.e. the intentional actions taken to create, maintain, or disrupt institutions—highlights the dynamic, agency-driven nature of institutional evolution,

including the pivotal role of institutional entrepreneurs in driving such changes. By focusing on entrepreneurial efforts, this perspective highlights how actors from the periphery can leverage innovation and resources to instigate institutional evolution, thereby bridging conformity with transformative agency. Lawrence and Suddaby (2006) emphasise this shift from viewing institutions as static structures to understanding them as shaped by actors' strategic actions within institutional constraints. Lawrence and Suddaby (2006) proposed a conceptual framework that advances institutional theory by focusing on "institutional work," offering a lens to analyse the actions of individuals and organisations in shaping institutional dynamics. Such actions highlight the fluidity of institutions as actors engage in shaping, preserving or altering these structures to serve diverse objectives (Lawrence *et al.*, 2013; Lawrence and Buchanan, 2018).

Central to institutional work is the concept of embedded agency, which challenges traditional views of institutions as rigid and limiting individual agency (DiMaggio, 1988). Embedded agency is closely tied to institutional entrepreneurship, as actors must navigate structural constraints while leveraging opportunities for transformative change. This connection emphasises how entrepreneurs use innovative approaches to reconcile tensions between institutional norms and the pursuit of reform, thereby illustrating the dynamic interplay between agency and institutional structures. While institutional norms influence behaviour, actors—like organisations or professionals—retain some capacity to initiate change, albeit constrained by the same structures they seek to reform (Battilana *et al.*, 2009). This paradox of agency reveals how actors are both enabled and restricted by their institutions, creating tension between norm adherence and reform pursuits (Battilana and D'auono, 2009).

Lawrence and Suddaby (2006) further categorise institutional work as boundary work and practice work. Boundary work involves defining or redefining who is included within a field, while practice work focuses on establishing or revising practices to reflect or depart from existing norms (Zietsma and Lawrence, 2010). These activities illustrate how actors either adapt to institutional pressures or actively reshape norms, exemplifying institutional work's role in facilitating gradual change across fields. The paradox of embedded agency raises questions about the influence of individual actors within institutional fields, often shaped by power imbalances (Battilana and D'auono, 2009). Not all actors possess equal resources or leverage; those with greater influence may drive institutional work that aligns with their interests, often reinforcing rather than disrupting existing power structures (Seo and Creed, 2002; Lawrence and Buchanan, 2018). This view suggests that institutional work may reproduce inequalities, especially as dominant actors can mobilise resources to preserve their position within the field.

Another key aspect is the role of institutional entrepreneurs—actors leveraging resources and alliances to drive change from the field's periphery, challenging established norms despite significant obstacles (Lawrence *et al.*, 2009). Institutional entrepreneurs may form coalitions with marginalised stakeholders or introduce innovative practices that disrupt entrenched systems. This includes initiatives within emerging markets where peripheral actors successfully advocate for regulatory reforms by framing these changes as necessary for economic growth and social equity. Such efforts highlight the balance institutional entrepreneurs must strike between aligning with existing norms to gain legitimacy and introducing transformative practices to foster meaningful institutional evolution. Lawrence *et al.*'s work (2009) emphasise the core tension between conformity and innovation, as actors strive to secure legitimacy while advancing transformative goals (DiMaggio, 1988; Lawrence and Suddaby, 2006).

Institutional work broadly encompasses creating, maintaining and disrupting institutions, each reflecting the complex evolution of institutional structures. Creating work introduces new norms, while maintenance reinforces stability and legitimacy, often through advocacy and monitoring (Lawrence *et al.*, 2013; Currie *et al.*, 2012; Hampel *et al.*, 2017). Conversely, disruptive work challenges existing structures to address changing expectations or inefficiencies, questioning assumptions and fostering alternatives (Lawrence and Suddaby,

2006). These processes reveal institutions as continually shaped by intentional human actions, reinforcing their dynamic nature.

Institutional work also entails political dimensions, as interactions are marked by power dynamics that determine who can shape institutions and whose interests prevail (Willmott, 2015; Munir, 2015). Institutional entrepreneurs navigate these political dimensions by building strategic alliances and leveraging their social capital to challenge dominant power structures. They may collaborate with reform-minded stakeholders or frame their initiatives to appeal to broader societal values, thereby gaining support for change. This approach not only enables entrepreneurs to advance their goals but also demonstrates how navigating political complexities is central to institutional entrepreneurship and its transformative potential. Rather than being purely altruistic or neutral, institutional work often reflects the strategic interests of powerful actors within the field, highlighting how their influence shapes outcomes in institutional settings.

Moreover, this power often allows dominant actors to maintain the status quo by strategically navigating and reinforcing institutional norms, sometimes embedding control under the guise of stability. Lawrence and Suddaby (2006) argue that institutional work requires skilful navigation of these power hierarchies, with success hinging on alliances with influential stakeholders, revealing how institutional change is often shaped by political capital and coalition-building. Resource-rich actors may advocate “reforms” that favour their goals, restructuring institutions in ways that maintain their advantage rather than fostering genuine democratisation or diversity. By acknowledging these power dynamics and the strategic interests of various actors, the conceptual framework of institutional work provides a nuanced understanding of how power, agency, and strategy intersect within institutional fields. For instance, institutional entrepreneurs within the energy sector may navigate these dynamics by forging alliances with regulatory bodies and leveraging public awareness campaigns to drive changes in environmental disclosure practices. These efforts emphasise the strategic alignment of institutional work with contextual challenges, illustrating how entrepreneurship facilitates reform in resource-constrained environments.

### 3.2 Sustainability reporting

The evolution of sustainability reporting has gained attention as companies face rising demands to address ESG issues. Recent literature examines the shift from voluntary to mandatory reporting frameworks, analysing motivations, consequences and mechanisms involved. This review critically evaluates key debates between voluntary and mandatory approaches, the role of institutional work in shaping these frameworks, and the resulting economic and behavioural impacts on corporate practices.

A core debate centres on whether sustainability reporting should remain voluntary or become mandated. Voluntary frameworks like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) have encouraged disclosures but face criticism for lack of standardisation and comparability, allowing companies to selectively disclose data (Christensen *et al.*, 2021). Proponents argue voluntary frameworks foster innovation and context-specific reporting flexibility (Pantazi, 2024). Conversely, mandatory reporting—such as in Ioannou and Serafeim’s (2010) work—ensures standardisation and accountability, which enhances corporate governance and ethical practices, though enforcement remains a challenge (Pantazi, 2024). Institutional theory, particularly institutional work, provides a lens to understand this transition. Key actors like regulators and industry associations drive norms and expectations in reporting. Higgins *et al.* (2015) argue that institutionalising reporting stems not only from regulations but from complex interactions among businesses, stakeholders and regulatory bodies, creating pressures for companies to report even without formal mandates (Crawford and Williams, 2010).

Stakeholders play a significant role in driving transparency, with investors, NGOs and civil society often pressuring companies to disclose sustainability information. This pressure can

even precede regulatory changes, as demonstrated by the European Union (EU)'s Corporate Sustainability Reporting Directive (CSRD) (Farooq and de Villiers, 2019; Pantazi, 2024). The interplay between these stakeholder demands and regulatory responses illustrates the expansive nature of institutional work. It encompasses not only corporations and regulators but also a broader network of influencers who actively contribute to accelerating the adoption of sustainability reporting. Studies have further explored the economic and behavioural implications of mandatory reporting. For instance, Ioannou and Serafeim (2010) found that mandated reporting enhances governance and social responsibility, including reduced corruption and improved board oversight. However, significant challenges persist, such as symbolic compliance, where some companies meet only the minimum requirements (Crawford and Williams, 2010). Adapting global standards like the GRI to align with local contexts is particularly crucial in emerging markets, where regulatory, cultural and economic conditions often diverge from those in developed economies (Amran and Haniffa, 2011). Tailored localisation ensures these frameworks remain relevant and effective across diverse regions (Farooq and de Villiers, 2019).

#### 4. Research methods

This study aims to investigate the institutional work that led to the mandatory implementation of sustainability reporting in Indonesia, with a particular emphasis on the pivotal role played by a corporate entity, ALPHA. This research critically examines how ALPHA's pioneering actions with the GRI Guidelines, along with those of other key actors, contributed to the creation, promotion and eventual institutionalisation of sustainability reporting norms across Indonesia.

##### *4.1 Case background: ALPHA as an institutional entrepreneur*

ALPHA emerged as a pivotal player in sustainability reporting in Indonesia in the early 2000s. As an organisation closely affiliated with the GRI in the Netherlands, ALPHA leveraged its access to global standards and practices to adapt sustainability reporting frameworks for the Indonesian corporate context. Its institutional capacity extended beyond technical expertise; ALPHA built a robust network with key stakeholders, including SOEs, regulators, NGOs and industry associations. By conducting in-house training for executives and public seminars, ALPHA effectively bridged the gap between global reporting standards and local business practices.

Through its collaborations, ALPHA positioned itself as a boundary spanner, navigating cultural, regulatory and corporate landscapes to embed sustainability reporting as a credible and valuable practice. Its initiatives included forming alliances with influential SOEs to drive mimetic adoption and establishing public forums for knowledge dissemination. These efforts exemplify ALPHA's role as an institutional entrepreneur, using normative and boundary work to cultivate legitimacy and foster adoption of sustainability reporting practices.

##### *4.2 Participant selection and data collection*

The study began with the identification and selection of participants through a snowball sampling approach. Participants were invited to take part in semi-structured interviews, carried out between June and October 2023, to provide in-depth insights into their experiences and perspectives. The snowball process commenced with an interview with a key figure from a regulatory body, deeply involved in the development and issuance of POJK 51/2017—a landmark regulation mandating sustainability reporting for financial institutions, issuers and public companies in Indonesia. During this initial interview, ALPHA was identified as a pivotal organisation recognised for its ground-breaking efforts in introducing GRI-based sustainability reporting in Indonesia and advocating for its eventual mandatory implementation. Subsequent interviews consistently corroborated ALPHA's significant

influence, highlighting its foundational role in shaping sustainability reporting practices and norms within the country.

The snowball process continued until data saturation was achieved, ensuring that the themes and perspectives gathered were comprehensive and representative of the institutional landscape. In total, the study included 35 participants across six distinct groups: regulators, industry associations, academics, consultants, NGOs and corporations (with ALPHA as one of the corporations). [Saunders and Townsend \(2016\)](#) suggest that data saturation in organisational research typically involves interviewing between 15 and 60 participants. To ensure a rich description for analysis ([Parker and Northcott, 2016](#)), it is advised not to excessively increase the number of interviewees. A rich description implies not only providing detailed information (a “thin description”) but also cultivating an “empathetic understanding of the actors and their context.” To maintain transparency and confidentiality, numerical identifiers (e.g. REGL1 to REGL8) were assigned to participants within their respective groups. Notably, CORP6 is identified as ALPHA.

The semi-structured interviews were conducted in Bahasa Indonesia with the full consent of the participants, and their responses were recorded. The interview guidelines were carefully designed to explore the research objective. Questions were formulated to uncover insights into the motivations and actions of key actors, the broader social and political factors influencing the regulation, and the interplay of institutional pressures. As recommended by [Bell et al. \(2022\)](#), the guidelines included additional questions to probe deeper into the responses provided by participants. [Table 1](#) outlines the guidelines for the interview questions, which were shaped by prior studies and the conceptual framework of institutional work and entrepreneurship.

The semi-structured interview questions were framed to explore institutional work as conceptualised by [Lawrence and Suddaby \(2006\)](#), focusing on the purposive actions aimed at creating, maintaining or disrupting institutions. Additionally, the questions examined aspects of institutional entrepreneurship ([Battilana et al., 2009](#)), highlighting the innovative efforts of key actors in initiating and driving institutional change. Initial questions established each participant’s role and organisational context, aligning with [DiMaggio’s \(1988\)](#) emphasis on actors’ embeddedness within institutional settings. Subsequent questions explored motivations, actions, network dynamics and the entrepreneurial strategies employed to overcome resistance, as well as perceptions of the impact and future directions of sustainability reporting in Indonesia.

[Table 2](#) provides an overview of essential attributes pertaining to both the interviews and the interviewees. A total of 35 interviews were conducted, with interviewees holding positions such as heads of departments, directors, professors, consultants, and managers. Most participants hold bachelor’s or master’s degrees, with a few having doctoral degrees, and interview durations range from 61 to 78 min. [Harvey \(2011\)](#) suggests that approximately 45 min is sufficient for interviews with “elite subjects,” particularly those in senior management and board-level positions within organisations.

#### 4.3 Data analysis

The audio-recorded interviews underwent meticulous transcription by three research assistants under close supervision by the authors. Following transcription, a rigorous thematic analysis was conducted, guided by the frameworks of [Clarke and Braun \(2017\)](#) and [Byrne \(2022\)](#), to identify recurring themes and patterns directly emerging from the interviews rather than from the interview questions themselves. This approach allowed for themes to develop organically based on the content that interviewees frequently and spontaneously mentioned, providing a genuine reflection of their experiences and perspectives. Each transcript was meticulously reviewed and coded, capturing the ideas and themes most commonly discussed across participants. This method ensured that the findings accurately represented the prevalent viewpoints and insights across diverse stakeholders, aligning with

**Table 1.** Semi-structured interview guidelines*General questions*

- 1) Could you describe your role and responsibilities within your organisation?
- 2) How has your organisation been involved in sustainability reporting initiatives, particularly regarding the adoption of GRI-based guidelines?
- 3) What has been your specific involvement or contribution to sustainability reporting efforts within your organisation or industry?
- 4) What were the primary motivations or pressures that influenced your organisation's stance on sustainability reporting?
- 5) From your perspective, what motivated the push toward mandatory sustainability reporting, particularly through the issuance of POJK 51/2017?
- 6) How would you describe your organisation's values and strategic interests regarding corporate transparency and sustainability reporting?
- 7) To what extent do you believe GRI-based reporting aligns with or challenges your organisation's goals and practices?
- 8) Could you share specific actions your organisation has taken to support (or challenge) sustainability reporting practices?
- 9) What strategies, if any, did your organisation employ to advance or adapt to mandatory sustainability reporting?
- 10) Did your organisation face any internal or external challenges in promoting sustainability reporting norms? How did you address them?
- 11) How would you describe the impact of your organisation's initiatives on the broader sustainability reporting landscape in Indonesia?
- 12) How has collaboration with other organisations influenced your approach to sustainability reporting?
- 13) What role did partnerships or networks play in advancing sustainability initiatives within your industry or organisation?
- 14) In your experience, how did these collaborations reinforce or expand sustainability reporting norms across different sectors?
- 15) To what extent do you believe your organisation's collaboration with ALPHA and other stakeholders contributed to the push for mandatory sustainability reporting?
- 16) What have been the most significant outcomes of mandatory sustainability reporting, in your view, on corporate transparency and environmental accountability?
- 17) How do you perceive the long-term impact of POJK 51/2017 on sustainability practices within the industry?
- 18) From your perspective, what changes or improvements would you like to see in Indonesia's approach to sustainability reporting?
- 19) What are the potential challenges and opportunities for sustainability reporting as it continues to evolve?

*Specific questions for regulators*

- 1) What were the regulatory motivations behind mandating sustainability reporting with POJK 51/2017?
- 2) Can you describe the development process of POJK 51/2017, and any challenges encountered during its implementation?
- 3) How does your agency view the role of GRI-based reporting in enhancing corporate transparency and accountability?
- 4) What alliances or collaborations, if any, were crucial in formalising sustainability reporting regulations?
- 5) From your perspective, what impact has POJK 51/2017 had on corporate behaviour and sustainability practices?

*Specific questions for industry associations*

- 1) How has your association supported or promoted sustainability reporting among member organisations?
- 2) What were the main drivers that led your association to advocate for or support mandatory reporting regulations?
- 3) How did your association work with ALPHA and other stakeholders to raise awareness and support for GRI-based reporting standards?
- 4) What challenges have your members faced in implementing sustainability reporting practices, and how has the association helped to address them?
- 5) How do you perceive the long-term effects of mandatory sustainability reporting on the industry?

*Specific questions for academics*

- 1) From your perspective, what do you think were the most important reasons that led many companies in Indonesia to adopt sustainability reporting practices?
- 2) How would you describe the influence of key players in encouraging more companies to start sustainability reporting?

*(continued)*

**Table 1.** Continued

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- 3) What are the perceived benefits and challenges of adopting GRI-based reporting in Indonesia's unique economic and cultural context?
  - 4) In your opinion, how has POJK 51/2017 influenced the way companies engage with environmental and social responsibilities?
  - 5) What future research or policy recommendations would you make to further enhance sustainability reporting in Indonesia?
- Specific questions for consultants*
- 1) Based on your experience, what are the primary challenges companies face in adopting GRI-based and mandatory sustainability reporting practices?
  - 2) How have your consulting practices adapted to support organisations in meeting the requirements of POJK 51/2017?
  - 3) To what extent do you believe ALPHA and similar corporate leaders have shaped industry-wide acceptance of sustainability reporting?
  - 4) What trends have you observed in the approaches that companies take to comply with sustainability reporting standards?
  - 5) In your view, how has the shift to mandatory reporting impacted your clients' approaches to transparency and stakeholder engagement?
- Specific questions for non-government organisations (NGOs)*
- 1) How has your organisation advocated for or supported the adoption of sustainability reporting standards?
  - 2) What role do you think NGOs played in pushing for the requirement of sustainability reporting, like in the case of POJK 51/2017?
  - 3) How would you assess the effectiveness of GRI-based reporting in promoting corporate accountability in Indonesia?
  - 4) How has collaboration with regulatory bodies and corporate entities, like ALPHA, influenced the adoption of sustainability practices across sectors?
  - 5) In your opinion, what additional measures or improvements are needed to strengthen sustainability reporting practices in Indonesia?
- Specific questions for corporations (excluding ALPHA)*
- 1) What were the motivations behind your organisation's adoption of sustainability reporting, and how has it evolved over time?
  - 2) How did POJK 51/2017 impact your organisation's approach to transparency, particularly regarding GRI-based reporting standards?
  - 3) What internal or external challenges has your organisation encountered in meeting sustainability reporting requirements?
  - 4) How have partnerships with industry groups, consultants and regulatory bodies influenced your sustainability initiatives?
  - 5) How do you view the long-term impact of mandatory reporting on your organisation's corporate responsibility practices?
- Specific questions for ALPHA*
- 1) As an early adopter of GRI-based sustainability reporting, what initially motivated ALPHA to introduce these practices in Indonesia?
  - 2) What specific actions did ALPHA take to encourage other companies to voluntarily adopt GRI-based reporting standards?
  - 3) How did ALPHA collaborate with regulators, industry associations, and other stakeholders to support the push toward mandatory reporting?
  - 4) In what ways did ALPHA address resistance or challenges to promoting sustainability reporting among its peers?
  - 5) Reflecting on ALPHA's journey, what do you consider to be the most significant outcomes of the mandatory reporting framework established by POJK 51/2017?

**Source(s):** Authors' own work

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the interpretive approaches recommended by [Castleberry and Nolen \(2018\)](#). By focusing on organically mentioned themes, this analysis provided meaningful insights into the institutional work behind sustainability reporting in Indonesia, offering a nuanced understanding of the perspectives that were most significant to interviewees.

**Table 2.** Characteristics of interviews and interviewees

Group of interviewees	Number of interviewees	Code of interviewees	Position	Interview duration (minutes)	Age of interviewees (years old)	Education of interviewees
Regulators	8	REGL1	Head of Department	72	51	Bachelor's degree
		REGL2	Head of Department	66	49	Bachelor's degree
		REGL3	Head of Department	64	53	Master's degree
		REGL4	Head of Department	73	52	Bachelor's degree
		REGL5	Head of Department	61	50	Bachelor's degree
		REGL6	Head of Department	65	51	Bachelor's degree
		REGL7	Head of Department	66	48	Master's degree
		REGL8	Head of Department	61	50	Bachelor's degree
Industry Associations	6	ASOC1	Director	65	45	Bachelor's degree
		ASOC2	Director	71	42	Bachelor's degree
		ASOC3	Director	68	48	Master's degree
		ASOC4	Director	67	54	Bachelor's degree
		ASOC5	Director	61	50	Bachelor's degree
		ASOC6	Director	71	44	Bachelor's degree
Academics	6	ACAD1	Professor	64	56	Doctorate degree
		ACAD2	Professor	62	60	Doctorate degree
		ACAD3	Senior Lecturer	74	57	Doctorate degree
		ACAD4	Professor	72	63	Doctorate degree
		ACAD5	Senior Lecturer	73	60	Doctorate degree
		ACAD6	Professor	66	58	Doctorate degree
Consultants	6	CONS1	Partner	64	40	Master's degree
		CONS2	Senior Consultant	88	40	Bachelor's degree
		CONS3	Manager	62	42	Bachelor's degree
		CONS4	Senior Consultant	66	43	Master's degree
		CONS5	Senior Consultant	69	39	Bachelor's degree
		CONS6	Partner	78	40	Bachelor's degree

*(continued)*

**Table 2.** Continued

Group of interviewees	Number of interviewees	Code of interviewees	Position	Interview duration (minutes)	Age of interviewees (years old)	Education of interviewees
NGOs	3	NGO1	Manager	61	40	Bachelor's degree
		NGO2	Manager	74	37	Bachelor's degree
		NGO3	Manager	72	42	Bachelor's degree
Corporations	6	CORP1	CSR Manager	68	48	Master's degree
		CORP2	Corporate Secretary	66	46	Bachelor's degree
		CORP3	Director	74	56	Master's degree
		CORP4	Vice President Corporate Strategy	74	45	Bachelor's degree
		CORP5	CSR Manager	68	44	Master's degree
		CORP6*	Director	66	67	Doctoral degree

**Note(s):** \*CORP6 is ALPHA  
**Source(s):** Authors' own work

### 5. Research findings

This section presents the research findings, identifying key themes that emerged from semi-structured interviews with 35 participants. Table 3 summarises the key findings. These themes were shaped by the institutional work involved in creating, promoting and ultimately mandating sustainability reporting practices in Indonesia. By examining how various factors contributed to or were influenced by this regulatory shift, the findings offer a detailed account of the collaborative and strategic processes underpinning the adoption of POJK 51/2017.

#### 5.1 Phase one: introduction of sustainability reporting

The journey to institutionalise sustainability reporting in Indonesia began in the early 2000s, led by ALPHA—a corporate entity closely connected to the GRI in the Netherlands. Drawing on this connection, ALPHA possessed both the technical expertise and a global perspective on sustainability, which it aimed to embed within Indonesia's corporate sector. Motivated by a vision to drive corporate transparency and accountability, ALPHA introduced GRI-based sustainability reporting as a foundational practice in Indonesia. *“We didn't want sustainability reporting to be just another report on the shelf; it was about driving real, impactful change,”* explained an ALPHA director, underscoring their ambition to promote sustainability as integral to corporate responsibility. This reflects institutional entrepreneurship, where actors like ALPHA use their influence and resources to embed new practices and shift established norms within a field (Lawrence and Suddaby, 2006).

In its early efforts, ALPHA capitalised on its strong network within Indonesia, especially among the directors of SOEs, which play a prominent role in the national economy. Recognising the potential influence of these state-backed companies, ALPHA initially focused on introducing GRI reporting standards within SOEs through in-house training sessions. *“We targeted SOEs because they set an example. If state-owned companies valued*

**Table 3.** Key research findings

Node codes	Specific codes	Summary of key findings
Introduction	Early Awareness (ALPHA's Role)	ALPHA introduced GRI-based training, targeting state-owned and public companies, which helped establish initial awareness and basic adoption
	Initial Scepticism	Early adopters encountered resistance due to unfamiliarity with sustainability reporting; ALPHA reframed reporting as beneficial for corporate transparency and reputation
	Academic Support	Academics provided local research to adapt GRI standards, making reporting more accessible to Indonesian corporations
	Consultant Adaptation	Consultants helped interpret GRI guidelines to fit local practices, facilitating early adoption
	Association Collaboration	Industry associations supported awareness-building, linking sustainability reporting with corporate responsibility
Voluntary reporting	ALPHA's Sustainability Awards	ALPHA incentivised reporting through awards, framing it as a prestigious practice that enhances corporate social responsibility
	Growing NGO Advocacy	NGOs advocated for transparency, viewing reporting as a tool for public accountability and social responsibility
	Corporate Buy-In	Corporations started viewing reporting as beneficial for reputation, aligning it with corporate social responsibility
	Increased Academic Legitimation	Academics emphasised the long-term benefits of reporting, adding credibility to voluntary practices
Mandatory reporting	Consultants' Role in Training	Consultants provided technical training, helping companies build reporting skills and align with emerging expectations
	Regulatory Shift (POJK 51/2017)	The transition to mandatory reporting under POJK 51/2017 formalised practices established during voluntary phases, aligning with sustainable finance goals
	Associations' Compliance Support	Industry associations prepared members for compliance, framing reporting as aligned with corporate ethics and standards
	Academic Policy Research	Academics supported policy development by providing evidence of the benefits of mandatory reporting
	Compliance Guidance from Consultants	Consultants guided companies in meeting new regulatory requirements, framing compliance as essential for transparency
	NGOs' Monitoring and Advocacy	NGOs pushed for compliance, emphasising public accountability as a corporate duty
	Corporate Adaptation to Regulation	Corporations adapted to POJK 51/2017, viewing mandatory reporting as a logical step following voluntary reporting practices

**Source(s):** Authors' own work

reporting, it would pave the way for the rest of the industry," remarked the ALPHA director. This approach highlights mimetic institutional work, as ALPHA leveraged SOEs' reputational influence to encourage other companies to follow suit, positioning sustainability reporting as a norm within the industry (DiMaggio and Powell, 1983).

As adoption gained momentum among SOEs, ALPHA expanded its outreach to listed public companies on the IDX and began offering public training sessions. These sessions invited participants from a variety of sectors, including NGOs, academics, regulators and private corporations, aiming to foster a broad-based understanding of sustainability reporting as a societal and corporate value. "We saw a diverse group joining the sessions—regulators, NGOs, academics—all eager to understand how reporting could impact their fields," the ALPHA director recalled. This inclusive approach reflects boundary work, as ALPHA created spaces where actors from different sectors could engage with the principles of sustainability

reporting, establishing a common understanding of transparency and accountability (Zietsma and Lawrence, 2010).

The expansion to public training further demonstrates ALPHA's commitment to institutional work across sectors. By welcoming stakeholders beyond the corporate world, ALPHA facilitated cross-sector collaboration, promoting the notion that sustainability reporting was relevant not only to businesses but to society at large. Through these actions, ALPHA reinforced normative work, emphasising the ethical and societal value of sustainability reporting. "ALPHA didn't just push for reports; they highlighted a broader responsibility to society. Reporting was framed as an ethical duty, not just a corporate trend," a professor in accounting (ACAD2) noted. This framing encouraged companies to view reporting as aligned with social obligations, gradually building legitimacy around sustainability reporting as a necessary corporate practice (Scott, 2008).

Despite ALPHA's strategic efforts, the introduction of sustainability reporting was met with considerable scepticism in the corporate sector. Many organisations initially perceived it as an administrative burden rather than a strategic asset. "It seemed like just more paperwork, with little relevance to our core business," shared a corporate secretary of a state-owned company (CORP2), revealing the initial resistance ALPHA had to confront. This scepticism illustrates the challenges of cognitive institutional work, where early advocates like ALPHA must reshape established mental models to embed new norms (Lawrence and Suddaby, 2006).

In response, ALPHA strategically reframed sustainability reporting to appeal to companies' strategic goals around transparency and reputation, presenting it not only as an ethical responsibility but also as a tool for improving corporate image and attracting investors. "When ALPHA showed us how reporting could actually boost our reputation and investor interest, it started to make sense," shared an industry association leader (ASOC6). This reframing represents normative work, as ALPHA leveraged companies' reputational interests to instil sustainability reporting as a strategic corporate norm (Scott, 2008).

Crucial to overcoming these barriers were the collaborations ALPHA fostered with industry associations and consultants. Consultants played a significant role by adapting GRI guidelines to fit local corporate practices, making reporting standards more practical and accessible. "We needed someone to translate these foreign standards into something we could actually use day-to-day," explained a sustainability reporting consultant (CONS1). This boundary work helped bridge the gap between global standards and local practices, enabling companies to see sustainability reporting as achievable and relevant within their operational contexts (Zietsma and Lawrence, 2010).

Local academics also supported ALPHA's initiative by conducting research that contextualised GRI standards within the Indonesian environment, lending academic legitimacy to the initiative. "The research showed us this wasn't just a Western concept being forced onto us; it had relevance here too," a senior lecturer in accounting (ACAD3) shared. This endorsement by the academic community reinforced the initiative's credibility, positioning GRI-based reporting as a practice that aligned with Indonesia's corporate context.

Through this coordinated effort, ALPHA, along with its network of industry associations, consultants and academics, built a strong foundation of support, overcoming initial scepticism and embedding sustainability reporting as a credible and valuable practice within Indonesia. This phase exemplifies the role of institutional entrepreneurship, boundary work and normative work in reshaping norms and laying the groundwork for broader institutionalisation of sustainability reporting in Indonesia.

### 5.2 Phase two: voluntary adoption of sustainability reporting

As sustainability reporting gained initial traction, a voluntary phase emerged, during which companies began to perceive it as not merely a compliance task but as an opportunity to demonstrate corporate responsibility. However, achieving broad voluntary adoption was challenging. To strengthen commitment, ALPHA launched a sustainability reporting awards

event that celebrated corporate dedication to transparent practices. This event sought to incentivise companies by framing reporting as a prestigious achievement and a socially responsible act. *“The awards created a bit of a competition. Companies wanted to be seen as responsible and forward-thinking,”* recalled an industry association director (ASOC3), highlighting the impact of ALPHA’s strategy. By fostering a sense of competition, ALPHA engaged in normative institutional work, positioning sustainability reporting as both a reputational asset and a benchmark of corporate responsibility, helping to align reporting with desirable organisational values (Scott, 2008).

Yet, despite the momentum generated by the awards, ALPHA faced several setbacks in ensuring consistent engagement across sectors. Many companies, especially smaller ones, hesitated to allocate resources to reporting, viewing it as an operational burden rather than a strategic asset. As one corporate participant shared, *“We were trying to focus on growth; sustainability reporting felt secondary,”* a vice president corporate strategy (CORP4) highlighting the tension between reporting aspirations and operational priorities. This sentiment reflects a core challenge in institutional embedding, where voluntary practices may be met with ambivalence due to perceived misalignment with immediate corporate goals.

To overcome these barriers, NGOs stepped up their advocacy, pushing for sustainability reporting as a tool of public accountability. *“Transparency is the first step toward accountability. If companies aren’t open, how can the public trust them?”* argued an NGO manager (NGO2), emphasising the relational work NGOs undertook to establish reporting as a social norm. This advocacy reflected normative pressure, as NGOs framed transparency as a corporate responsibility to society, reinforcing the idea that sustainability reporting was not just an internal practice but a public duty.

In addition to the efforts of NGOs, industry associations and consultants also played a pivotal role by offering technical training and resources to companies at various stages of readiness. This support was crucial in helping corporations overcome technical and knowledge-based barriers. *“We had to break down the guidelines and show companies how they could apply them in real terms,”* explained a consultant (CONS3), illustrating the boundary work involved in making GRI standards accessible to diverse industries with different capacities (Zietsma and Lawrence, 2010). Consultants translated abstract reporting guidelines into actionable practices, helping companies see how sustainability reporting could realistically fit into their operations.

Academics, too, contributed to legitimising sustainability reporting by framing it within a broader context of social responsibility and corporate accountability. Through research that highlighted the long-term benefits of reporting, academics helped companies view sustainability reporting as an investment in their future societal standing. *“Research shows that companies seen as transparent gain trust, and trust is invaluable,”* a senior lecturer in accounting (ACAD5) noted, stressing the lasting reputational benefits of sustained transparency. This academic endorsement provided further legitimacy, reinforcing the institutional embedding of sustainability reporting by positioning it as integral to corporate identity and long-term success.

Collectively, these actors created a support system that promoted sustainability reporting as a valued practice, gradually embedding it as a normative expectation within Indonesian industry. The combined influence of NGOs, associations and academics helped reinforce the narrative that sustainability reporting was not just optional but an ethical obligation and a societal duty. By the end of this phase, reporting had evolved into a shared commitment, preparing companies for the next stage, where reporting would transition from a voluntary act to a regulatory requirement.

### 5.3 Phase three: formalisation of mandatory sustainability reporting

The issuance of POJK 51/2017 marked a pivotal moment in Indonesia’s regulatory landscape. Although the regulation is technically focused on sustainable finance, it is widely recognised

as the first policy in Indonesia that mandates sustainability reporting. This nuance reflects a critical aspect of coercive institutional work, where regulatory intent is indirectly implemented to institutionalise practices beyond the primary focus of the regulation (DiMaggio and Powell, 1983). By embedding sustainability reporting within the broader framework of sustainable finance, regulators effectively positioned it as an essential component of corporate accountability. A head of legal department in a regulatory body (REGL3) emphasised, “*POJK 51 wasn’t just about finance—it signalled a shift in corporate responsibility. We’re moving towards a new standard where companies are accountable not only to shareholders but to society,*” capturing the regulation’s broader influence.

This phase brought considerable challenges for corporations, as they navigated the ambiguity of a finance-focused regulation that also demanded extensive non-financial reporting. Meeting POJK 51/2017s requirements often required significant resource reallocation and restructuring, a process that tested corporate adaptability. As a CSR manager (CORP1) explained, “*It’s not just a matter of reporting; it requires us to re-evaluate how we operate to truly integrate sustainability,*” illustrating the adaptive institutional work corporations undertook, aligning operational practices with both financial and sustainability goals, a complex dual focus that highlights the ongoing nature of institutionalisation (Lawrence *et al.*, 2013).

Consultants and industry associations played a pivotal role in clarifying the requirements of POJK 51/2017, reframing mandatory reporting as an ethical duty that aligns with transparency and accountability. “*We had to bridge the gap between compliance and corporate values, showing that reporting isn’t just a checkbox—it’s integral to long-term reputation,*” shared a sustainability reporting consultant (CONS5), reflecting the boundary work required to contextualise regulatory expectations within existing corporate frameworks (Zietsma and Lawrence, 2010). Industry associations contributed similarly by providing resources that emphasised ethical alignment with mandatory reporting, reinforcing the social value of transparency. A director of an industry association (ASOC4) remarked, “*Our role was to make sure members understood that compliance wasn’t just about meeting regulations; it’s about aligning with ethical business standards,*” further illustrating the normative framing that associations leveraged to institutionalise sustainability practices within the corporate culture.

For NGOs, POJK 51/2017 served as a tool for enforcing corporate accountability to the public. An NGO manager (NGO1) explained, “*Our role is to keep them accountable because the public deserves transparency,*” emphasising how NGOs leveraged the regulation to reinforce the relational work that positions sustainability reporting as a societal obligation rather than merely a legal requirement. This monitoring reinforced the regulatory framework, ensuring companies saw reporting as part of their duty to the public (Dewi *et al.*, 2019).

Interestingly, this phase also highlighted the paradox of embedded agency, as regulators used a finance-centred mandate to achieve broader sustainability goals (Battilana and D’Aunno, 2009). While the regulation did not explicitly focus on sustainability reporting, stakeholders, including regulatory bodies and NGOs, embedded this interpretation within the framework, aligning corporate practices with social expectations. This duality highlights that regulatory intent in institutional work can sometimes emerge indirectly, where actors embed new norms by reframing existing structures.

## 6. Discussion of research findings

The findings demonstrate a nuanced evolution of sustainability reporting in Indonesia, driven by complex interactions among institutional actors, cultural dynamics and regulatory interventions. This section critically interprets these findings through the lens of institutional work, analysing the roles of institutional entrepreneurship, cultural values, voluntary norms and regulatory shifts in embedding sustainability practices within Indonesia’s corporate landscape.

### 6.1 Institutional entrepreneurship and ALPHA's catalytic role

ALPHA's actions exemplify institutional entrepreneurship, as it introduced sustainability reporting and drove its adoption within a challenging corporate landscape. Drawing on a close connection with the GRI, ALPHA leveraged its technical expertise and influence to position sustainability reporting as a credible practice. This aligns with the concept of institutional entrepreneurship (Lawrence and Suddaby, 2006), where actors use their resources, networks and strategic positioning to redefine norms and introduce new practices within a field. ALPHA's choice to target SOEs reflects a calculated mimetic strategy, where influential companies served as examples that encouraged broader adoption across industries.

This approach reveals ALPHA's adept use of normative work to shift how companies understood corporate transparency and social responsibility. Instead of viewing sustainability reporting as a bureaucratic obligation, ALPHA reframed it as a strategic and ethical priority, redefining the corporate responsibility narrative in Indonesia. By collaborating with consultants and industry associations, ALPHA facilitated boundary work, adapting GRI standards to fit local practices and providing practical frameworks for companies unfamiliar with sustainability reporting (Zietsma and Lawrence, 2010). This process was integral to embedding sustainability practices, as it helped bridge the cognitive gap between global standards and Indonesia's corporate realities, fostering a sense of relevance and attainability.

Despite ALPHA's success, the introduction of sustainability reporting was met with significant resistance, particularly from corporations that viewed the practice as burdensome. This initial reluctance highlights the challenges of cognitive institutional work, as ALPHA had to reshape ingrained perceptions of corporate responsibility to gain traction for sustainability reporting (Lawrence and Suddaby, 2006). Overcoming this resistance required targeted strategies that aligned reporting with corporate interests in transparency and reputation, thereby demonstrating the adaptability and persistence inherent in effective institutional entrepreneurship.

### 6.2 Adaptive work and the challenges of voluntary norms

During the voluntary phase, ALPHA and other actors sought to make sustainability reporting a valued practice by introducing recognitions, such as awards, that celebrated corporate commitment to transparency. This effort reflects normative institutional work, positioning reporting as both prestigious and ethically desirable. ALPHA's strategy aimed to embed sustainability reporting as a social and corporate norm, creating a competitive environment where companies aspired to be recognised as responsible and forward-thinking. This normative framing aligned reporting with desirable organisational values, enhancing its appeal as a reputation-enhancing activity (Scott, 2008).

However, the voluntary adoption of sustainability reporting encountered several obstacles, particularly in sectors where resources were limited and reporting was perceived as secondary to growth-focused objectives. This ambivalence highlights the challenges of institutional embedding in contexts where immediate corporate goals may conflict with long-term sustainability commitments. Smaller companies, in particular, faced practical difficulties in allocating resources to reporting, which they viewed as an operational burden rather than a strategic asset. The persistence of these challenges indicates that while normative work can create initial enthusiasm, embedding new practices across a corporate landscape requires continued support and alignment with organisational priorities (Zietsma and Lawrence, 2010).

NGOs played a critical role in this phase by framing sustainability reporting as a tool for public accountability, exerting relational pressures that framed transparency as a duty to society. This work reflects relational institutional work, where NGOs reinforced reporting as a public expectation, linking corporate transparency with societal trust and accountability. Through advocacy, NGOs added legitimacy to the practice, framing it as an obligation rather than a voluntary choice. Meanwhile, industry associations and consultants provided technical resources and training, translating GRI guidelines into actionable steps that companies at

varying stages of readiness could implement. This boundary work was instrumental in bridging knowledge gaps, making the standards more accessible and encouraging companies to see sustainability reporting as feasible and relevant (Pantazi, 2024).

### 6.3 Regulatory formalisation and coercive institutional work under POJK 51/2017

The introduction of POJK 51/2017 marked a critical regulatory transition, formalising sustainability reporting as a mandatory requirement for financial institutions and listed companies. This shift exemplifies coercive institutional work, as regulatory bodies used enforceable standards to establish sustainability reporting as a formalised corporate practice (Pedersen *et al.*, 2013). By embedding reporting within a broader framework of sustainable finance, regulators effectively institutionalised transparency and environmental accountability as essential elements of corporate governance.

The regulation also illustrates a unique aspect of embedded agency, as regulators used the framework of sustainable finance to extend mandatory reporting beyond its financial focus. Although POJK 51/2017 primarily targets financial institutions, its indirect impact on sustainability practices highlights how regulatory intent can be reframed within broader social expectations. This nuanced approach enabled regulators and NGOs to leverage the regulation as a tool for reinforcing public accountability, positioning corporate transparency as a societal obligation rather than a compliance checkbox (Lombardi *et al.*, 2022). By embedding these values within the regulatory framework, POJK 51/2017 served as a vehicle for aligning corporate practices with the broader societal shift towards sustainability.

Challenges during this phase included companies' struggles to meet the formal requirements, as many lacked the necessary systems and resources to comply with the new standards. The transition to mandatory reporting required significant resource reallocation, adaptive work and restructuring, underscoring the complex dual focus of aligning operational practices with both financial and sustainability goals. This need for adaptability illustrates the ongoing nature of institutionalisation, as companies were compelled to transform core processes to meet regulatory expectations while aligning with ethical standards (Doni *et al.*, 2020).

Consultants and industry associations played critical roles in facilitating this adaptation, providing guidance that framed compliance as an ethical duty consistent with transparency and accountability. This boundary work helped contextualise POJK 51/2017 within existing corporate frameworks, positioning mandatory reporting as an alignment with Indonesia's values of ethical business. For NGOs, the regulation offered a framework for enforcing corporate accountability, reinforcing the idea that companies had an obligation to the public to operate transparently. This relational work emphasised sustainability reporting as a societal duty rather than merely a legal requirement, creating a collaborative ecosystem where NGOs, corporations and regulators collectively supported transparency as a corporate norm (Crawford and Williams, 2010).

### 6.4 Cultural values as a foundation for institutional work: the role of gotong royong and Pancasila

The institutionalisation of sustainability reporting in Indonesia is strongly rooted in the cultural values of *gotong royong* (mutual cooperation) and *Pancasila* (the five guiding principles: belief in God, humanity, unity, democracy and social justice). These foundational values shape both public and corporate behaviour, fostering a unique approach to embedding sustainability (Famiola and Wulansari, 2020). *Gotong royong* and *Pancasila* resonate throughout institutional work, reinforcing the ethical and relational dimensions of sustainability reporting and granting it legitimacy beyond mere regulatory or voluntary requirements.

In the initial phase, *gotong royong* and *Pancasila* framed sustainability reporting as a moral and social duty aligned with Indonesia's collective values. ALPHA's role as an institutional entrepreneur was both strategic and culturally resonant, leveraging *gotong royong's* emphasis

on shared responsibility to promote GRI-based reporting as a corporate contribution to societal well-being and transparency. *Pancasila* further reinforced sustainability reporting by aligning it with principles of social justice and humanity. ALPHA's advocacy resonated with Indonesia's ethical expectations, framing reporting as an expression of national values rather than a foreign corporate mandate. This cultural alignment softened initial corporate scepticism, redefining reporting as a commitment to societal welfare and ethical responsibility (Dewi *et al.*, 2019).

As sustainability reporting gained traction, *gotong royong* and *Pancasila* continued shaping its voluntary adoption, solidifying it as a corporate norm. Awards for transparency and corporate responsibility aligned with *gotong royong*'s emphasis on shared accountability, fostering communal pride and encouraging companies to view reporting as a contribution to national ethical standards (Tjahjadi *et al.*, 2024). Moreover, *Pancasila*'s principles of unity and social justice reframed reporting as a means for corporations to support societal welfare, aligning with national values (Pujiningsih *et al.*, 2023). This shift transformed reporting from mere compliance to an aspirational goal, with companies seeing transparency as a way to enhance reputation and contribute to Indonesia's well-being. This alignment fostered normative pressure from ALPHA and other actors, embedding reporting as a social and moral duty within Indonesia's ethical framework.

The regulatory formalisation of sustainability reporting through POJK 51/2017 illustrates how *gotong royong* and *Pancasila* influenced its reception, aligning mandatory reporting with collective accountability and ethical responsibility. Presented as a financial governance tool, the regulation extended beyond compliance, emphasising transparency and corporate responsibility as key to a just and cooperative society, resonating with Indonesia's cultural values. In this phase, *gotong royong* framed companies' compliance with POJK 51/2017 as a duty to the public good rather than mere bureaucracy, reinforcing a foundation of social accountability (Famiola and Wulansari, 2020). *Pancasila*'s principles of democracy and social justice further supported reporting as a public duty, with NGOs and industry associations acting as societal watchdogs for transparency and fairness (Pujiningsih *et al.*, 2023).

By embedding mandatory reporting within Indonesia's values, regulators and NGOs effectively used coercive institutional work to establish sustainability reporting as an ethical obligation rather than mere compliance. This cultural alignment eased resistance, positioning reporting as a societal contribution within POJK 51/2017. This illustrates how regulatory mandates are more readily accepted when they resonate with shared cultural and ethical frameworks.

### 6.5 Reflections on embedded agency, collaborative institutionalisation and cultural context

The institutionalisation of sustainability reporting in Indonesia showcases how embedded agency, collaborative institutionalisation and cultural context interact. *Gotong royong* and *Pancasila* provide a cultural framework that shapes actors' motivations, allowing change within societal values and reinforcing reporting legitimacy across the corporate landscape (Pujiningsih *et al.*, 2023; Tjahjadi *et al.*, 2024). Embedded agency was key as ALPHA, NGOs and industry associations navigated constraints, grounding sustainability reporting in cultural values. ALPHA leveraged its influence with SOEs and public companies, aligning reporting with *gotong royong*'s collective responsibility, which gained SOEs' support and helped shape business norms (Famiola and Wulansari, 2020). By framing reporting as a societal benefit, ALPHA and collaborators fostered a shared responsibility, blending corporate aims with societal expectations in line with Indonesian values.

Collaborative institutionalisation became central, with ALPHA's efforts bolstered by NGOs advocating public accountability, consultants offering expertise and academics legitimising GRI-based standards. This networked approach mirrored *gotong royong*, framing reporting as a shared endeavour and reinforcing *Pancasila*'s social justice by addressing societal issues through transparency (Pujiningsih *et al.*, 2023; Tjahjadi *et al.*,

2024). Each actor's role was crucial in creating a culturally aligned foundation, highlighting that institutionalisation thrives when combining individual agency with collective cultural support.

The issuance of POJK 51/2017 formalised collaborative efforts into a regulatory framework, translating cultural values into enforceable norms. By embedding sustainability within finance, regulators advanced *Pancasila* principles by tying economic growth to social and environmental accountability (Pujiningsih *et al.*, 2023). This phase highlighted relational institutional work, as NGOs, regulators and associations upheld *gotong royong*, reinforcing corporate accountability to society (Dewi *et al.*, 2019). The shift illustrates that regulatory mandates strengthen institutionalisation when aligned with cultural and societal values.

This reflection on embedded agency, collaborative institutionalisation and cultural context highlights that *gotong royong* and *Pancasila* were vital to embedding sustainability reporting in Indonesia. Aligning reporting with these values enabled actors to establish it as a legitimate social norm, illustrating that institutional change endures best with cultural alignment and collaborative agency. This culturally grounded approach highlights the unique impact of local context on global sustainability reporting evolution.

## 7. Conclusions

This study set out to explore the evolution of sustainability reporting in Indonesia, focusing on the institutional work that led to its formalisation as a regulatory requirement. With the objective of understanding how ALPHA's pioneering actions, alongside efforts from other key actors, contributed to this institutional shift, the research used semi-structured interviews with 35 stakeholders and applied a rigorous thematic analysis to capture emergent themes. This methodology provided an in-depth look at the complex interplay of institutional entrepreneurship, cultural values and regulatory evolution in embedding sustainability practices within Indonesia's corporate landscape.

To answer the research question, the findings reveal that institutional work by ALPHA and other key actors established sustainability reporting as a normative practice, which was ultimately formalised under POJK 51/2017. Using institutional work concepts, this study illustrated ALPHA's role as an institutional entrepreneur, employing boundary and normative work to adapt global sustainability standards to Indonesia's unique cultural and regulatory context. The analysis highlights how cultural values—particularly *gotong royong* (mutual cooperation) and *Pancasila* (five guiding principles)—provided a powerful foundation that reinforced sustainability reporting as both a social duty and a corporate norm, aligning corporate transparency with societal goals of accountability and ethical responsibility. These values facilitated collaborative institutionalisation, enabling actors to embed sustainability reporting as a culturally resonant and widely accepted corporate practice.

The contributions of this study are multifaceted. Theoretically, it extends institutional work theory by demonstrating how embedded agency and cultural alignment can foster the institutionalisation of sustainability practices, particularly in an emerging market. It adds to the existing literature by revealing the unique path taken in Indonesia, where cultural and normative pressures laid the groundwork for regulatory change—a sequence not widely discussed in Western-centric studies. Practically, the findings offer valuable insights for regulators, suggesting that regulatory frameworks are more effective when they resonate with cultural values, as seen in the acceptance of POJK 51/2017. This study also highlights the role of corporate actors, NGOs and consultants in fostering sustainability reporting, highlighting the benefits of normative and boundary work in building trust and legitimacy.

However, the study has limitations. It is context-specific, focusing on Indonesia, which may limit its generalisability to other emerging markets. Additionally, the reliance on retrospective interviews may introduce recall bias, as interviewees may interpret past actions with present perspectives. Future research could address these limitations by conducting comparative studies in other emerging economies or by using longitudinal methods to examine

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the evolution of sustainability reporting practices over time. Further research might also explore how emerging digital reporting technologies could enhance the transparency and accessibility of sustainability reports, thus supporting ongoing institutionalisation efforts.

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#### About the authors

Putu Agus Ardiana is a chartered accountant and an assistant professor in the Department of Accounting at Udayana University, Bali, Indonesia. He completed his PhD in accounting at Durham University Business School, United Kingdom with an unconditional pass (no revision at all) under the supervision of Professor Richard Slack and Professor Carol Adams. Putu Agus Ardiana is the corresponding author and can be contacted at: [putu.ardiana@unud.ac.id](mailto:putu.ardiana@unud.ac.id)

Ni Nyoman Ayu Diantini is an assistant professor in financial management in the Department of Management at Udayana University, Bali, Indonesia. She gained her PhD in finance from the University of Western Australia.

I Made Surya Negara Sudirman is an assistant professor in financial management in the Department of Management at Udayana University, Bali, Indonesia. He obtained his PhD in finance from the Airlangga University in Surabaya, Indonesia.

I Putu Gede Sudana is a master's degree student at Udayana University, Bali, Indonesia. He obtained his bachelor's degree in accounting at the same university. He is a practicing accountant in Indonesia.

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Ni Putu Achintya Wibawa Putri is a master's degree student at Udayana University, Bali, Indonesia. She completed her bachelor's degree in accounting at the same university. He has been a practicing accountant for more than a decade. She is a tax consultant and a practicing accountant in Indonesia.

Kadek Dwi Linda Yanthi just completed her master's degree at Udayana University, Bali, Indonesia. She obtained her bachelor's degree in accounting at the same university. She is a practicing accountant in Indonesia.