





Transforming corporate governance: Excellence in human resources and environment in Indonesia



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Orientation: The orientation of this research is how human resources are integrated into good corporate governance practices to achieve sustainability practices. This research also explores the role of accounting in the context of Indonesian political economy in supporting corporate sustainability and accountability.

Research purpose: To analyse the role of human resources in the transformation of good corporate governance towards sustainability practices through the perspective of political economy of accounting in Indonesia.

Motivation for the study: Understanding the integration of human resources in corporate governance to improve sustainability practices, especially in the context of the political economy of accounting in Indonesia.

Research approach/design and methods: Qualitative research approach with interpretivism paradigm. The participants of this study consisted of stakeholders, top management, human resource managers and accounting managers ($N = 30$). Data were analysed using thematic analysis.

Main findings: The main findings of this study are that the integration of human resources in good corporate governance significantly improves environmental performance. Companies that implement accounting practices based on political economy accounting in the Indonesian context tend to be more transparent and accountable in their environmental reporting. Employee involvement contributes to an organisational culture that supports sustainability practices.

Practical/managerial implications: This study emphasises the importance of companies investing in human resource development and implementing good governance practices based on political economy accounting in the Indonesian context to achieve sustainability practices.

Contribution/value-add: Provides new insights into the integration of human resources into corporate governance that drives sustainability practices.

Keywords: corporate governance; human resources; sustainability practices; political economy accounting; sustainability practices.

Introduction

The transformation of good corporate governance (GCG) in Indonesia is increasingly urgent along with the increasing attention to sustainability and social responsibility. In this context, the integration of human resources (HR) becomes a key element to achieve sustainability practices. Research shows that companies that adopt sustainability practices in their strategies not only improve their reputation but also their long-term financial performance (Eccles et al., 2014). In addition, employee involvement in sustainability initiatives can strengthen the organisational culture that supports sustainability (Mishra & Suar, 2010). Therefore, it is important for companies to develop policies that encourage active HR participation in achieving environmental goals. Within the framework of the political economy of accounting, it is important to understand how accounting policies and practices can influence managerial decisions related to the environment.

This study aims to analyse and develop GCG practices through effective human resource management and environmental responsibility in Indonesia. By adopting this approach, it is

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expected that companies can be more responsive to stakeholder demands and contribute to sustainable development in Indonesia. Previous studies have shown that transparent and accountable accounting can increase stakeholder trust and encourage better sustainability practices (Akintoye, 2021; Blesia, 2017; Mishra & Suar, 2010). Therefore, this study not only provides insight into the important role of HR in GCG practices but also highlights the role of political economy accounting in the Indonesian context in supporting environmental sustainability (Álvarez Jaramillo et al., 2019).

Research purpose

The purpose of this study is to analyse the important role of HR in the transformation of GCG towards sustainability practices, as well as to explore how accounting practices in the context of political economy in Indonesia can support corporate sustainability and social responsibility.

Literature review

The important role of human resources in good corporate governance

The important role of HR in GCG is increasingly being recognised as a key factor in achieving organisational goals. Human resource managers are not only responsible for how to manage employees, but also play a crucial role in building an organisational culture that supports transparency, accountability and ethics (Haines et al., 2024). Stakeholder theory emphasises the importance of involving all stakeholders in decision-making, and HR serve as a bridge between management and employees to ensure that all parties' voices are heard in the GCG process. Research shows that companies with good human resource practices tend to have better governance performance, which in turn increases stakeholder trust (Christensen et al., 2021). In addition, employee competency and skill development is an important aspect in supporting GCG. Skilled and knowledgeable HR can help companies identify risks and opportunities related to sustainability and social responsibility (Tsalis et al., 2020).

Environmental and sustainability accounting

Environmental and sustainability accounting has become a major focus in modern business practices, especially amid the increasing awareness of environmental and social issues. Environmental accounting serves to measure, analyse and report the environmental impact of a company's activities, which helps in better and more responsible decision-making (Christensen et al., 2021; Diamastuti et al., 2021). Research shows that companies that implement good environmental accounting practices not only improve their environmental performance but also gain the trust of stakeholders and enhance their reputation in the market (Buallay, 2019; Diamastuti et al., 2021). Thus, environmental accounting plays a vital role in supporting a company's sustainability goals.

On the other hand, sustainability accounting involves measuring and reporting a company's social and

environmental performance as well as its impact on society and the environment (Buallay, 2019; Diamastuti et al., 2021; Makarenko & Plastun, 2017; Mishra & Suar, 2010). This concept integrates economic, social and environmental aspects in financial statements, thus providing a more holistic picture of a company's performance. Research performed by Tsalis et al. (2020) shows that companies that adopt sustainability reporting tend to perform better in terms of long-term sustainability. In addition, sustainability reporting can help companies meet increasing regulatory demands and stakeholder expectations in this era of globalisation.

The impact of political economy accounting on the effectiveness of human resources in encouraging sustainability practices

Political economy accounting plays a vital role in enhancing the effectiveness of HR in driving sustainability practices in organisations. Through policy analysis, political economy accounting helps HR understand government regulations related to the environment, so that they can implement appropriate practices and build a culture of sustainability. According to Eccles et al. (2014), political economy accounting provides an essential framework for HR to understand and implement sustainability policies. In addition, the provided sustainability performance measurement tools enable HR to evaluate sustainability initiatives and adjust managerial policies. Jiang et al. (2017) stated that with the right sustainability performance measurement tools, HR can develop new strategies that are more in line with the organisation's sustainability goals. Understanding the dynamics of political economy also allows for more effective human resource management, with the right training to support sustainability initiatives. Political economy accounting also facilitates communication of the importance of sustainability to stakeholders, stimulates innovation in environmentally friendly products and services, and encourages engagement with communities and other organisations. Rodriguez et al. (2023) added that understanding the dynamics of political economy is significant for HR in formulating ethical policies that integrate social responsibility and sustainability. Finally, an understanding of political and economic values helps HR in formulating ethical and social responsibility policies, making sustainability an integral part of the organisational culture.

Political economy accounting and the Indonesian context

Political economy accounting in Indonesia plays an important role in understanding the interaction between public policy, accounting practices and their impact on economic development. In this context, accounting not only functions as a financial reporting tool but also as an instrument to analyse and influence broader economic policies. Gutterman (2020) highlighted that accounting research in Indonesia often focusses on the relationship between political connections and corporate performance, indicating that accounting can serve as a bridge between political and

economic interests. This study suggests that a better understanding of the political context can help formulate more effective and responsive accounting policies to address the challenges faced by companies in Indonesia. On the other hand, the role of culture and social context in political economy accounting cannot be ignored. Therefore, the integration of accounting, political economy and socio-cultural context is essential to create an accounting system that is not only efficient but also fair and sustainable. Figure 1 shows that environmental accounting theory integrated with political economy accounting theory provides an in-depth perspective on distributive justice, both in power and welfare, and the important role of HR to implement a good corporate governance GCG framework (Apriyanto & Firdiansjah, 2017).

In this context, GCG includes principles of fairness related to transparency, accountability, responsibility, independence and justice that ensure that all stakeholders, including society and the environment, have a voice in decision-making (Cooper, 1980; Cooper & Sherer, 1984). The important role of HR is to create a system where all parties can contribute and benefit from the results produced by the company, thus encouraging more sustainable and responsible practices. Thus, the application of environmental accounting theory in this context helps companies not only to fulfil legal obligations but also to contribute to social and environmental welfare (Gray & Bebbington, 1998; Hooper & Pratt, 1995). To achieve sustainability practices, companies need to optimise the important role of HR and adopt a holistic approach in GCG that includes social and environmental responsibility. By implementing the principle of fair distribution of welfare, companies can ensure that the benefits of economic activities are felt by all stakeholders, not just shareholders (Dean, 2000).

Research design

This research design focusses on an in-depth understanding of how GCG practices develop in the context of human resource and environmental policies in Indonesia. This research article adopts mixed methods research (MMR) as its methodological approach. An exploratory sequential design is used as the chosen research design. The reason for choosing an exploratory sequential MMR design is so that academics can produce a comprehensive, diverse and balanced picture, from various perspectives and theoretical lenses, on the issue of 'Corporate governance transformation: Human resource and environmental excellence in Indonesia'. Ngulube, P. & Ukwoma, S. C. (2019) Creswell and Poth (2018) argue that MMR is most appropriate for exploring complex research phenomena from various perspectives because of its ability to present complementarity, completeness and a mixture in data collection and analysis procedures.

This research project follows two different methodological approaches, quantitative research in the first part and qualitative research in the second part. This research adheres to ethical standards in both quantitative and qualitative research strands. Ethical considerations are maintained in both quantitative and qualitative phases of the research, including obtaining consent from the 30 participating companies and obtaining consent from participants, as per Creswell and Poth (2018).

The research begins with data collection through documentation, then developing a questionnaire designed to collect data on GCG practices, human resource management, political economy accounting and environmental performance of companies in Indonesia. This questionnaire will be delivered to managers in various sectors. The qualitative data will be explained using a thematic approach to identify emerging patterns and issues (Lazonick & Sullivan, 2002; Mishra & Suar, 2010).

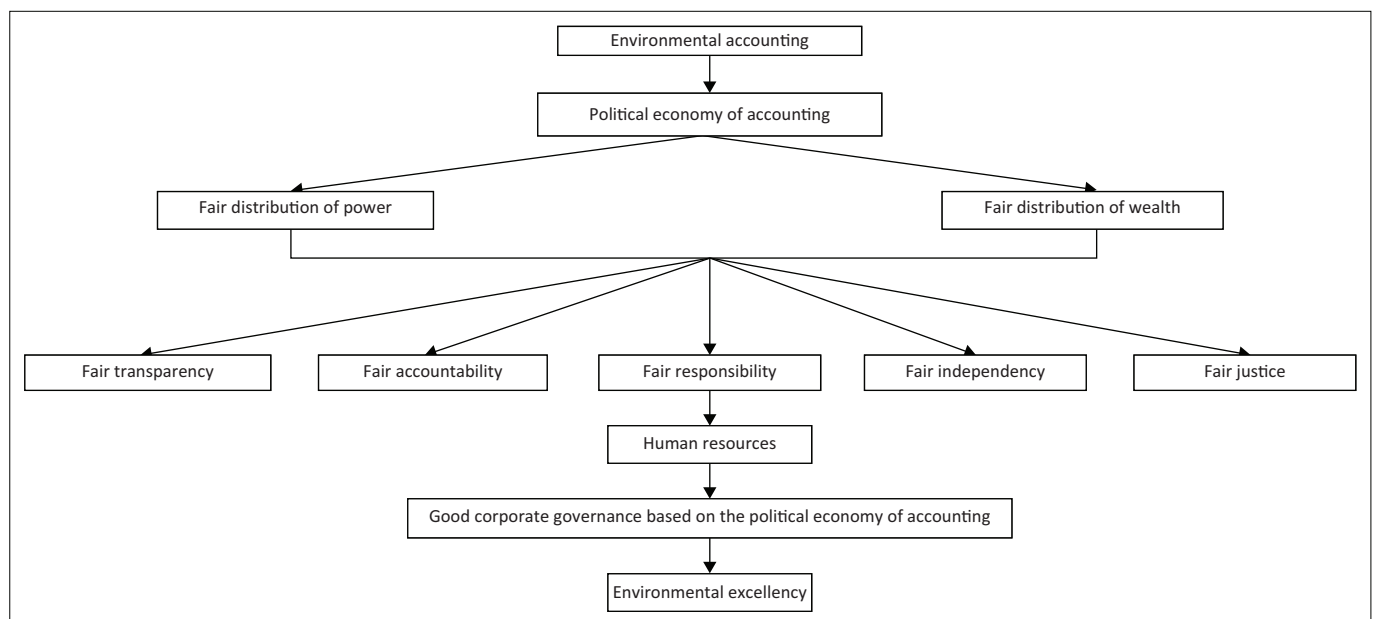


FIGURE 1: Research conceptual framework.

Quantitative data were collected through documentation from 30 publicly listed companies on the Indonesia Stock Exchange, while the questionnaire was given to 30 purposively selected managers. Kumar (2014, p. 247) argues that probability sampling and sample size do not play a major role in sample selection for qualitative strands; what is most important is conducting an in-depth investigation of the research phenomenon and related issues or research questions of the study (Creswell & Creswell, 2018). Secondary data on Environmental, Social and Governance (ESG) Ratings of companies in Indonesia listed on the Indonesia Stock Exchange whose HR have managed GCG with the application of political economy accounting in order to continue sustainable practices were analysed descriptively and quantitatively using Statistical Package for the Social Sciences (SPSS) software version 25. While primary data obtained from distributing questionnaires to 30 managers were analysed qualitatively thematically using NVivo software version 14 consisting of the themes of the important role of HR, good governance practices, political economy accounting practices and environmental management performance. The results of quantitative data analysis were then further deepened with qualitative data analysis, which was discussed in the 'Results' section of this article.

Ethical considerations

Ethical approval to conduct this study was obtained from the Universitas Merdeka Malang Research Ethics Committee (No. B. 362 ILPPMIUM/XIU2024). The researchers adhered to ethical considerations because of the nature of the research involving human participants. The researchers complied with the *Protection of Personal Information Act of 2013* by ensuring that no one was harmed, informed consent was obtained prior to the commencement of the study and the privacy of the participants was respected and upheld. The electronic survey was also answered anonymously, which further ensured the confidentiality of the participants. The transcribed data were stored securely in password-protected files and only the researchers had access to these files to code the data.

The following section presents the results related to the participants' impressions of their role as human resource developers in the capacity of trainers.

Results

The following is a general description of the ESG Rate Rating of companies in Indonesia listed on the Indonesia Stock Exchange whose HR has managed good corporate governance

by implementing political economic accounting in order to achieve sustainable practices. Then continued with a description of the four themes as mentioned earlier. Figure 1 presents a histogram of the ESG rate rating profile of companies listed on the Indonesia Stock Exchange, which meet the sample criteria.

In general, the ESG risk ranking of companies in Indonesia that have good governance by optimising the role of human resources and implementing political economy accounting that has a positive impact on the environment is 30 companies. The average ESG Risk ranking is 19.41, which indicates that they are included in the LOW category, meaning they have low ESG risk. The ESG rating is very important for investors who want to consider sustainability factors in making investment decisions. On the Indonesia Stock Exchange (IDX), ESG rating is starting to get attention as a tool to attract socially responsible investment. The IDX has launched various initiatives to encourage listed companies to adopt more sustainable and transparent practices. One of the initiatives is the Sustainability Reporting programme, which encourages companies to report their ESG performance regularly. To further clarify the above-discussed ESG Rate Rating profile analysis, Table 1 presents the results of descriptive statistical analysis using SPSS on the ESG Rate Rating of companies listed on the IDX.

The highest ESG rate rating is 28.65 while the lowest is 9.26. The average ESG rate rating of the company is 19.40 with a standard deviation of 446.164. The average ESG rate rating value shows that in general respondents have implemented GCG and environmental management with a low ESG rate rating. Kurtosis or the size of the tail extremity that reflects the presence of outliers is 0.354. The kurtosis value between -2 and 2 means that the data presented is normally distributed.

Next, we present an analysis of data from the questionnaire conducted using a qualitative descriptive approach in an interpretive perspective (Braun & Clarke, 2021). The findings of this study are organised into four themes, namely the important role of HR (Theme 1, see Figure 2), GCG practices (Theme 2, see Figure 3), political economy accounting practices in the Indonesian context (Theme 3, see Figure 4) and environmental performance (Theme 4, see Figure 5).

Environmental, Social and Governance ratings have significant implications for stakeholders beyond investors, including consumers, employees and communities. Consumers are

TABLE 1: Descriptive statistical analysis of environmental, social and governance rate rating.

Variables	Descriptive statistics							
	<i>N</i>	Minimum	Maximum	Mean		SD	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	SE	Statistic	Statistic	SE
ESG risk rating	30	926	2865	1940.37	81.458	446.164	0.354	0.833
Valid <i>N</i> (listwise)	30	-	-	-	-	-	-	-

SD, standard deviation; SE, standard error.

increasingly considering ESG factors in their purchasing decisions, with companies with good ESG ratings increasing their loyalty and brand image. Employees are also more likely to join companies that are committed to sustainability, which in turn increases their retention and engagement. In addition, ESG ratings can influence government policy and regulation development, and support companies that demonstrate social responsibility. As Eccles et al. (2014) observed, 'High ESG ratings not only attract investors, but can also strengthen a company's relationships with employees and communities, creating greater long-term value'.

Theme 1: The important role of human resources

In the context of this study, the role of HR is important in driving the implementation of GCG practices and effective environmental sustainability. The responses to the questionnaire from 30 stakeholders from various sectors, including manufacturing and services, found that human resource plays a key role in driving the implementation of GCG practices. Most respondents emphasised that sustainable HR development is very important to achieve the company's sustainability goals (Kurniawan, 2017).

The results of the questionnaire distributed to 30 human resource managers showed that respondents stated that the role of HR is very important in relation to the implementation of GCG based on political economy accounting to achieve

sustainability practices. In detail, it includes recruitment policies (90.0%), employee training to improve competence (90.0%) and career development programmes (93.3%). Those who stated that it is important that HR is important, reported in detail as follows: recruitment policies (6.67%), employee training (3.33%) and career development programmes (3.33%). While those who were neutral stated, recruitment policies (3.33%), employee training (6.67%), while career development programmes (3.33%). This is in line with previous research which shows that employee involvement in sustainability issues can increase the effectiveness of corporate governance practices (Wang et al., 2024).

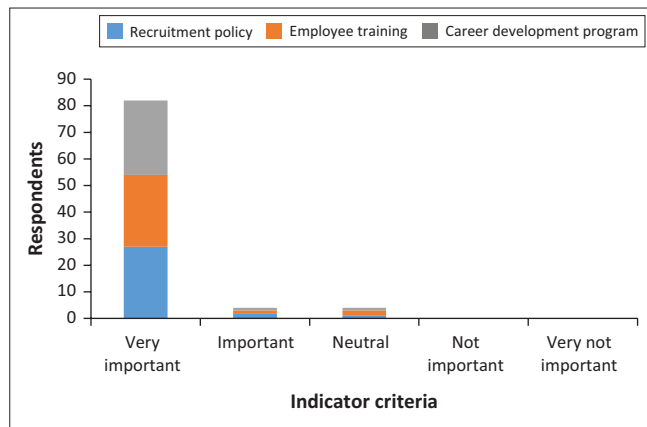


FIGURE 2: The important role of human resources.

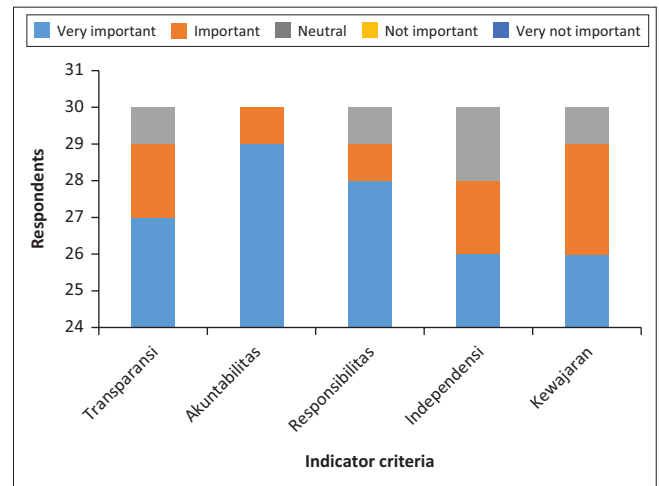


FIGURE 3: Good corporate governance practices.

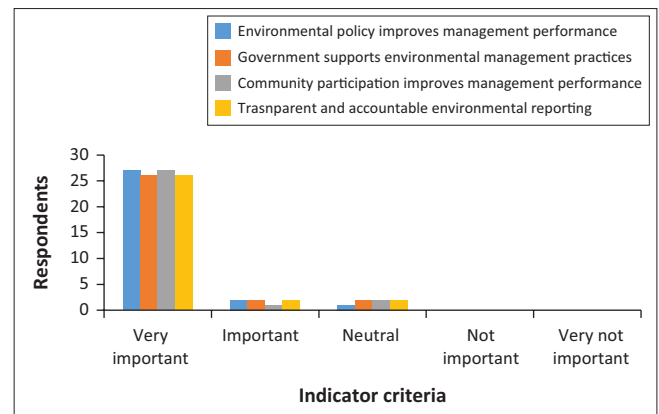


FIGURE 5: Environmental management performance.

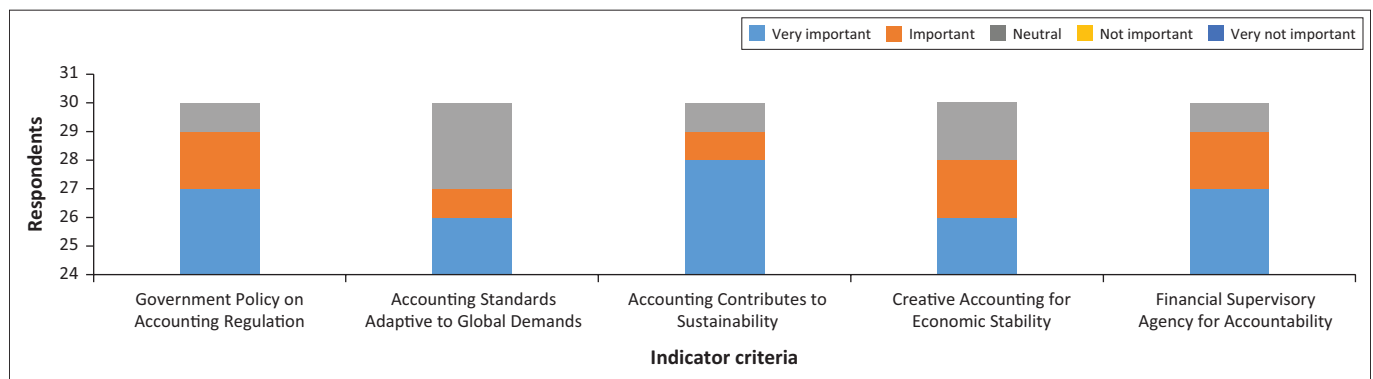


FIGURE 4: Political economy of accounting in the Indonesian context.

Theme 2: Good governance practices

Good governance practices are an important foundation for achieving transparency, accountability and sustainability in the context of modern companies. The responses from 30 top management from various industry sectors found that good governance practices rely heavily on transparency, accountability, and stakeholder engagement. The study results show that companies that implement these principles tend to perform better in terms of reputation and stakeholder trust.

Analysis of the questionnaire responses distributed to 30 top management showed that transparency aspects were very important (90.0%), important (6.67%) and neutral (3.33%). Accountability aspects were very important (96.67%) and important (3.33%). Responsibility aspects were very important (93.33%), important (3.33%) and neutral (3.33%). Independence aspects were very important (86.67%), important (6.67%) and neutral (6.67%). Fairness aspects were very important (86.67%), important (10.0%) and neutral (3.33%). This is in line with previous research showing that stakeholder involvement can increase the effectiveness of corporate governance practices (Freeman & McVea, 1984). Through the questionnaire responses, it was revealed that many companies have adopted an inclusive approach to decision-making, involving employees in processes related to sustainability. Stakeholders emphasised the importance of open dialogue between management and employees to build trust and collaboration. This involvement not only improves employee morale but also drives innovation in corporate sustainability practices (Harrison & Wicks, 2013).

Theme 3: Political economy accounting practices

Accounting practices in the context of political economy play a vital role in shaping policies that support GCG and environmental sustainability. Accounting practices in the context of political economy play an important role in shaping policies that support good corporate governance and environmental sustainability (Shaoul, 2005). Through the distribution of questionnaires to 30 accounting managers from various sectors, it was shown that good accounting practices not only serve to meet regulatory compliance, but also play a role in creating added value for companies and society.

Analysis of the results of the questionnaire responses distributed to 30 accounting managers showed that from the aspect of government policy in accounting regulation, it is very important (90%), important (6.67%) and neutral (3.33%). The aspect of accounting standards that are adaptive to global demand, is very important (86.67%), important (3.33%) and neutral (10.0%). The aspect of accounting contribution to sustainability is very important (93.33%), important (3.33%) and neutral (3.33%). The aspect of creative accounting for economic stability is very important (86.67%), important (6.67%) and neutral (6.67%). The aspect of supervision as a form of accountability is very important (90.0%), important (6.67%) and neutral (3.33%). Respondents also indicated that the application of good accounting principles helps companies in managing environmental and social risks. This is in line

with findings showing that good accounting can support better decision making in the context of sustainability (Lazonick & Sullivan, 2002).

Theme 4: Environmental management performance

Environmental management performance is a crucial aspect that shows a company's commitment to sustainability and social responsibility in good governance practices. Through a questionnaire with 30 stakeholders from various sectors, including public and private companies, it was found that environmental management performance is greatly influenced by the company's commitment to sustainability and employee involvement in environmentally friendly practices. (Febriyanti & Sukoharsono, 2016).

The answers to the questionnaire distributed to 30 environmental managers in detail showed that the environmental policy aspect can improve management performance and as reported by the participants is very important (90.0%), important (6.67%) and neutral (3.33%). The government aspect supports environmental management practices is very important (86.67%), important (6.67%) and neutral (6.67%) based on the responses received from the participants. The community participation aspect can improve management performance and as reported by the participants is very important (90.0%), important (3.33%) and neutral (6.67%). The transparent and accountable environmental reporting aspect is very important (86.67%), important (6.67%) and neutral (6.67%) as reported by the participants. Participants also indicated that companies that implement environment friendly practices, such as waste reduction and the use of renewable energy, not only reduce negative impacts on the environment but also improve the company's image in the eyes of the public. This is in line with previous research showing that companies committed to sustainability can achieve competitive advantage (Porter & Kramer, 2006).

Discussion

The results of the study show that GCG practices are greatly influenced by the active involvement of stakeholders, and this is where the role of HR becomes crucial. Employees who are actively involved in decision-making not only increase the effectiveness of the company but also contribute significantly to the achievement of sustainability goals. Previous studies have confirmed that stakeholder involvement, including employees, can improve corporate governance practices (Freeman & McVea, 1984). Many companies are now adopting an inclusive approach that emphasises the importance of HR in the decision-making process related to sustainability. Stakeholders highlighted the importance of open dialogue between management and employees, which helps build trust and collaboration. Employee involvement not only improves their morale but also drives innovation in the company's sustainability practices (Harrison & Wicks, 2013). In other words, active and engaged HR can be a key driver in achieving broader

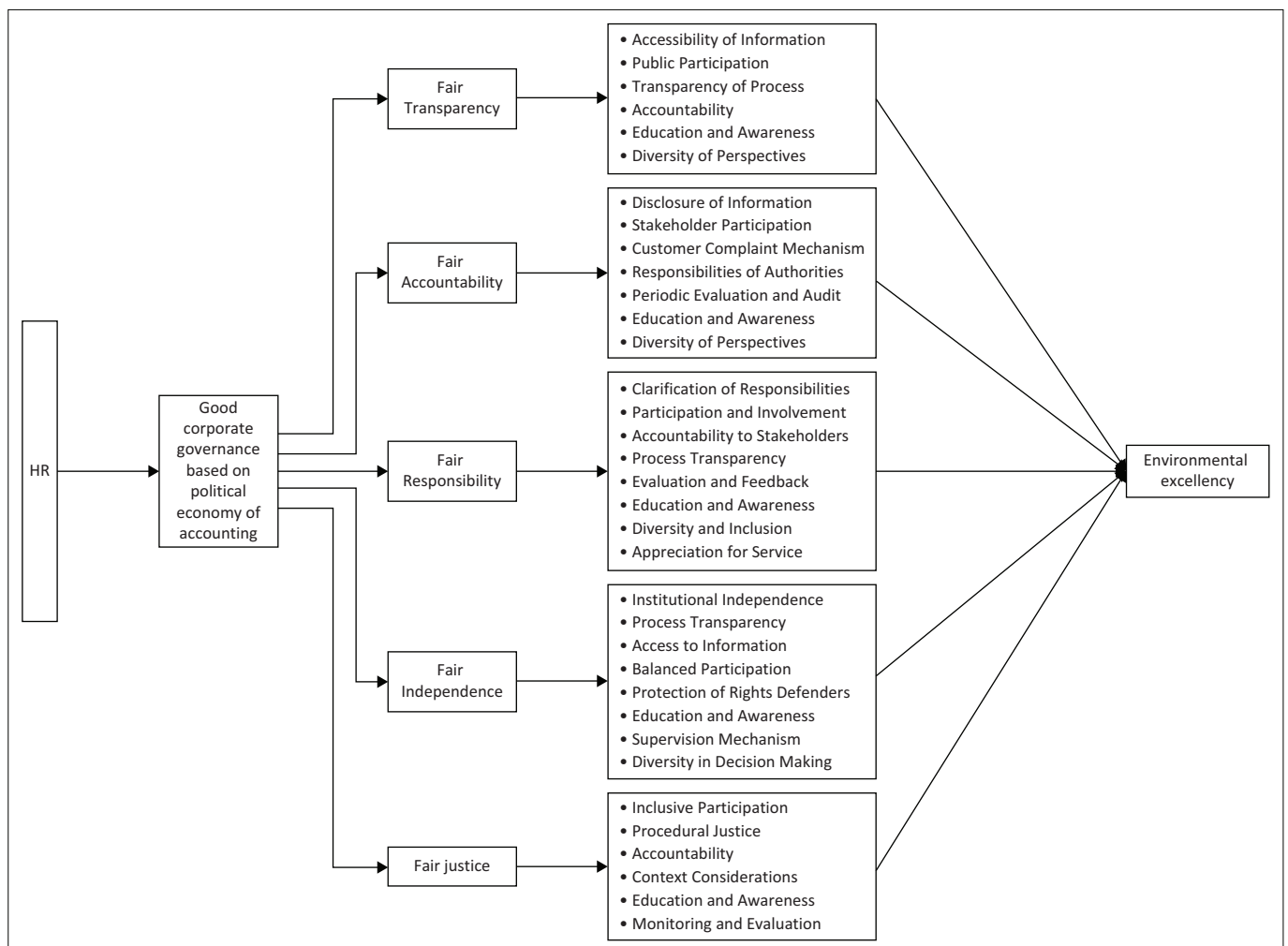
corporate goals, including sustainability and governance effectiveness.

Government support and clear regulations do indeed greatly influence corporate governance practices, but it is undeniable that HR are a key factor behind this success. Respondents stated that government policies that encourage transparency and accountability in financial reporting help companies, but the best investment that can be made is in HR development. When employees are trained and empowered to contribute, they can create an environment that is conducive to good and sustainable corporate governance practices (Akintoye, 2021). Companies that have HR training and development programmes that focus on sustainability tend to perform better. This shows the importance of integrating sustainability training into employee development programmes (Das et al., 2021). The active involvement of employees and other stakeholders in decision-making also increases corporate accountability. Respondents emphasised that active participation from employees and the community helps companies to identify and manage environmental risks, in line with stakeholder theory, which states that companies should consider the interests of all parties in decision-making (Freeman & McVea, 1984). Data analysis shows that

companies that implement good governance principles often have better financial performance. Employees in companies with GCG practices report higher levels of job satisfaction and greater commitment to corporate goals. This clearly shows that there is a positive relationship between GCG practices and employee performance, underscoring the critical role of HR in achieving corporate success (Harrison & Wicks, 2013).

This study also identified the challenges faced by companies in implementing GCG practices, which are greatly influenced by the role of HR. Several respondents stated that the lack of understanding of the importance of sustainability and good governance among management can hinder implementation. Therefore, it is very important to increase awareness and understanding of these issues at the management level, by involving HR as a key agent of change (Álvarez Jaramillo et al., 2019). In addition, the role of HR is very strategic in the implementation of good governance.

Figure 6 shows the overall relationship between aspects of GCG, the application of political economy accounting in the Indonesian context and the positive contribution of HR in creating a fair distribution of power and welfare for all



HR, human resources.

FIGURE 6: Transformation of good corporate governance: Human resource and sustainability practices in the political economy of accounting in Indonesia.

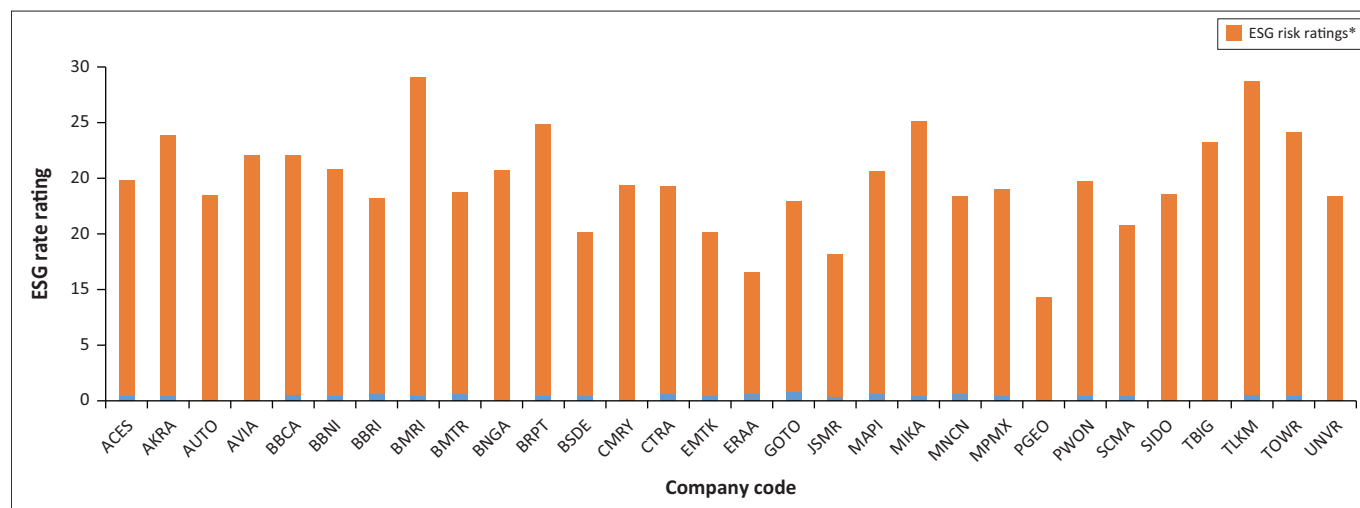


FIGURE 7: Environmental, social and governance rate rating.

stakeholders. By empowering employees and involving them in the decision-making process, companies can create an environment that supports sustainability and harmony with the environment in a sustainable manner. This confirms that HR is not only an implementer, but also a key driver in realising effective and sustainable corporate governance.

Optimising the role of HR in the implementation of GCG based on accounting political economy is very important to create a balance in the distribution of power and welfare for all stakeholders. Employees need to be trained to understand the principles of GCG, such as transparency, accountability, responsibility, independence and fairness. With proper training and development, HR can contribute significantly to building a fair and transparent system, where every stakeholder has a voice in decision-making that affects the environment and society. Human resources function as an agent of change that drives better GCG practices. In addition, to achieve sustainability, companies need to create a culture that values responsibility and fairness. Employee involvement in sustainability initiatives, coupled with a fair incentive system, will increase their motivation and commitment to the company's environmental goals. By implementing transparent internal audits and reporting, companies can also ensure that GCG practices are in accordance with the principles of fairness and accountability. The combination of all these steps will facilitate the achievement of sustainability practices, where companies do not only focus on profit but also on community welfare and environmental sustainability. Thus, the role of HR becomes very vital in creating a work environment that supports good and sustainable corporate governance.

The integration of Gutterman (2020) work on Sustainability and corporate governance' is highly relevant to the Indonesian context, where many companies are still struggling to implement sustainability principles in their governance. Gutterman emphasises the importance of creating an effective governance framework, which relies heavily on the critical role of HR. Well-trained and

committed employees can support strong board oversight and stakeholder engagement. In Indonesia, the implementation of international standards such as ISO 26000 and the United Nations Sustainable Development Goals can help companies formulate more targeted and contextual strategies. However, the success of this implementation is highly dependent on HR who have a deep understanding of sustainability and good governance. The establishment of a special committee for sustainability and increasing transparency in reporting also requires active employee involvement, which can increase accountability and encourage sustainable social and environmental development. By adapting the best practices discussed by Gutterman, Indonesian companies can improve their competitiveness and contribute to more sustainable development. Therefore, investment in human resource training and development is very important to create a work environment that supports sustainability and GCG.

In the context of sustainability reporting, recent advances have shown the importance of integrating macroeconomic factors into the analysis of CO₂ emissions, especially in oil-producing countries. Research by Gazi et al. (2022) highlights the dynamic relationship between economic growth, energy use and carbon emissions, suggesting that HR have a critical role in understanding and managing the interactions between these variables. Well-trained and knowledgeable HR can help companies develop the data-driven approach needed for better governance. By understanding the relationship between economic and environmental factors, employees can contribute to strategies that not only improve environmental accountability but also support long-term sustainability. Therefore, investment in HR development is key to creating a team capable of formulating and implementing effective strategies in sustainability reporting. By empowering employees, companies not only improve their environmental performance but also build a strong foundation for future sustainability.

Limitations

This qualitative research on the transformation of GCG in the context of HR and sustainability practices in Indonesia has several limitations. Firstly, the data obtained may not be fully representative, because the research period is only 1 year and involves a small number of participants. This can cause bias in the interpretation of the results, especially if the participants do not represent the diverse perspectives that exist within the industry. Secondly, the dynamic political and economic context in Indonesia may affect the stability of the findings, where changes in policy or social conditions can change the way companies implement good governance principles.

Recommendations

As a recommendation, further research should have a longer research period to increase the validity and reliability of the findings. In addition, mixed methodology that combines qualitative and quantitative approaches can provide a more comprehensive picture of GCG practices. Further research is also recommended to explore the long-term impact of good governance on corporate performance and its impact on society, with a focus on sustainability and corporate social responsibility in Indonesia.

Conclusion

The study shows that the transformation of GCG in Indonesia is greatly influenced by the interaction between HR and sustainability practices in the context of the political economy of accounting. This study identified that the implementation of good governance principles not only increases corporate transparency and accountability but also contributes to the development of quality HR and environmental sustainability. Well-trained and committed HR plays a key role in integrating better governance practices. Considering the existing social and political dynamics, companies in Indonesia are expected to empower their employees to implement sustainability and good governance principles. This not only helps to achieve long-term sustainable goals but also makes the company more responsive to the needs of society. Therefore, investment in HR development is very important in creating a work environment that supports corporate governance transformation. By empowering employees, companies can ensure that sustainability practices are effectively integrated into all aspects of operations, thereby creating a positive impact on the environment and society.

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Competing interests

The authors reported that they received funding from the Directorate of Research, Technology, and Community Service of the Government of the Republic of Indonesia, which may be affected by the research reported in the enclosed publication. The authors have disclosed those interests fully and have implemented an approved plan for managing any potential conflicts arising from their involvement. The terms of these funding arrangements have been reviewed and approved by the affiliated University in accordance with its policy on objectivity in research. The authors have no other competing interests to declare.

Authors' contributions

G.A., F.S., I.Z.S., and M.S. contributed jointly in the form of ideas, data collection activities, data analysis activities, discussions and writing the article. G.A.'s Master's Project, jointly supervised by F.S. and I.Z.S., provided the data for writing this article.

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Data availability

The data that support the findings of this study are available from the corresponding author, G.A. upon reasonable request.

Disclaimer

The views and opinions expressed in this article are those of the authors and are the product of professional research. It does not necessarily reflect the official policy or position of any affiliated institution, funder, agency or that of the publisher. The authors are responsible for this article's results, findings and content.

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