

ESG Administration and Governance in Indonesian Energy Firms: Evidence of Sustainable Performance

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Abstrak: Administrasi dan Tata Kelola ESG di Perusahaan Energi Indonesia: Bukti Kinerja Berkelanjutan.

Penelitian ini bertujuan untuk menganalisis bagaimana perusahaan energi berskala menengah dan besar di Indonesia mengimplementasikan dan mengadministrasikan prinsip Environmental, Social, and Governance (ESG) pada tingkat mikro-organisasi. Penelitian menggunakan metode studi kasus kualitatif interpretatif melalui wawancara semi-terstruktur dengan praktisi keberlanjutan dan analisis laporan serta dokumen kebijakan ESG. Hasil penelitian menunjukkan bahwa administrasi dan tata kelola ESG didorong oleh pengelolaan reputasi, kepatuhan regulatif, keterlibatan pemangku kepentingan, serta tingkat internalisasi dimensi lingkungan, sosial, dan tata kelola yang berbeda-beda. Novelty penelitian ini terletak pada penggunaan COR Theory untuk menantang pandangan normatif tentang ESG. Penelitian menyimpulkan bahwa ESG merupakan praktik organisasi yang dikonstruksi secara sosial dan bergantung pada sumber daya. Disarankan penguatan tata kelola keberlanjutan dan peningkatan kapasitas internal perusahaan. Implikasi penelitian memberikan masukan bagi pembuat kebijakan, regulator, dan pemangku kepentingan dalam merancang tata kelola dan regulasi yang lebih efektif pada industri berintensitas dampak tinggi.

Kata kunci: administrasi; lingkungan, sosial, dan pemerintah (ESG); keberlanjutan; sektor energi; teori konservasi sumber daya (COR)

Abstract: ESG Administration and Governance in Indonesian Energy Firms: Evidence of Sustainable Performance.

This study aims to examine how medium- and large-sized energy companies in Indonesia implement and administrate Environmental, Social, and Governance (ESG) principles at the micro-organizational level. A qualitative interpretive case study was employed using semi-structured interviews with sustainability practitioners and analysis of corporate ESG reports and policy documents. The findings indicate that ESG administration and government is driven by reputational management, regulatory compliance, stakeholder engagement, and varying levels of internalization of environmental, social, and governance dimensions. The study's novelty lies in applying COR Theory to challenge prevailing normative views of ESG. The study concludes that ESG operates as a socially constructed and resource-dependent organizational practice. Recommendations include strengthening sustainability governance and enhancing internal organizational capacity. The implications provide guidance for policymakers, regulators, and stakeholders in designing more effective governance and regulatory frameworks for high-impact industries.

Keyword: administration; environmental, social, and governance (ESG); sustainability; energy sector; conservation of resources (COR) theory

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INTRODUCTION

The international sustainability agenda has recently focused on the embedding of Environmental, Social, and Governance (ESG) principles as an important key to long-term organizational resiliency and responsible business behaviour. The energy sector plays a central role in this transformation, as the key generator of both environmental impact and economic growth. In new markets like Indonesia that are growing up in terms of demand for energy while becoming increasingly vulnerable to the impacts of climate, the ESG is not an option - it is inevitable. ESG frameworks have increasingly been embedded within companies not only through operational practices, but also through their internal administration, including managerial coordination, governance routines, and accountability structures that shape how ESG principles are enacted in practice (Zioło, Bąk, & Spoz, 2023). Nonetheless, ESG implementation varies across sectors and geographies, with energy firms encountering complex regulatory, financial, and operational dynamics (Widia & Wibisono, 2024). In Indonesia, policy initiatives such as the Nationally Determined Contributions (NDCs) and the Sustainable Finance Roadmap have created momentum for ESG adoption, yet inconsistencies in corporate response persist (Ratmono, Rusmana, & Hasanah, 2023).

Despite growing interest in ESG compliance, scholarly understanding of how ESG principles are administratively managed, coordinated, and institutionalized within Indonesian energy companies remains limited. Existing studies emphasize outcomes and ratings, while overlooking the administrative processes through which ESG is translated into daily organizational practices. Moreover, there is insufficient attention to the managerial capabilities required to integrate ESG into core operations. In the field of management, managerial capability is a crucial factor because it relates to an organization's core activity to lead the organization to achieve its goals (Siswanto, S., & Kurniawan, 2022). These capabilities, often conceptualized as management skills, are primarily enacted by organizational managers and encompass strategic coordination, regulatory interpretation, internal alignment, and adaptive governance. In the context of ESG, managerial capability becomes the critical mechanism through which formal policies are transformed into coherent, organization-wide action, particularly in environments marked by evolving regulatory expectations and increasing stakeholder scrutiny. Prior research has largely focused on macro-level policy evaluations or investor-driven ESG ratings, offering little insight into how firms internally navigate ESG mandates (Lagodiyenko, 2024). Empirical gaps exist in understanding the organizational processes, leadership dynamics, and stakeholder negotiations that underpin ESG integration at

the company level (Sibarani, 2023). Particularly in Indonesia's energy sector—where firms range from state-owned giants to emerging renewable startups—the ESG agenda is influenced by diverse contextual factors including regulatory ambiguity, public scrutiny, and resource constraints (Bratyakov, Lyadskaya, & Sheremetyev, 2024). Consequently, there is a pressing need to explore how companies make sense of, adapt to, and institutionalize ESG principles within their specific organizational and cultural contexts (Perskaya, 2022).

To address this conceptual and empirical void, this study adopts the Conservation of Resources (COR) Theory as its foundational framework. COR Theory posits that individuals and organizations are motivated to acquire, preserve, and enhance valued resources—such as legitimacy, stakeholder trust, and reputational capital—which can be strategically leveraged through ESG practices (Горбунова & Каницкая, 2023). ESG integration, from this perspective, is not merely a compliance exercise but a resource management strategy aimed at sustaining long-term competitiveness in volatile and resource-constrained environments (Orlova & Turgaeva, 2023). This theoretical lens enables a deeper analysis of how ESG practices are mobilized to negotiate stakeholder demands, mitigate institutional pressures, and reinforce corporate resilience within Indonesia's evolving sustainability landscape (Wei & Maklakova, 2024).

The purpose of this paper is to investigate how the energy companies in Indonesia perceive, apply and administratively institutionalize the ESG principles in their strategic and operational activities. The research aims to primary question: How do energy companies on ESG principles within their sustainability agenda. Taking the example of the adoption of ESG practices by European companies, this article aims to uncover the lived experience, strategic motives and organizational change related to the adoption of ESG. By concentrating on actual corporate practices rather than prescriptive norms, the study provides grounded insights into the actual workings of ESG governance in practice in an emerging markets context (Мустафина & Бакін, 2023).

The study is original because of its embedded, process-based approach that foregrounds ESG integration – an underdeveloped topic but one critical to the region's (Southeast Asia) decarbonization and inclusive growth predicaments – and the Indonesian energy sector. This article is not an ESG scorecard, an overview of policies and links to other elements of an ESG envelope, or a summary of ESG practices; it foregrounds instead the voices of organizational actors and practices, where internal tensions, inventiveness and reflexive strategising are occurring in ESG implementation. The implications for broader debates around how ESG

principles can be effectively immanentized in emerging markets, the mediating role of organisational behaviour in sustainability transitions, and how theory driven qualitative inquiry can enrich ESG discourse in management research are discussed by the authors (Pohrebniak, Laktionova, & Kostunuk, 2024).

The theoretical framework used in guiding this study is Conservation of Resources (COR) Theory, first outlined by Hobfoll (1989), which suggests that individuals and organizations work to gain, protect and keep resources in order to reduce stress and maintain well-being. With regard to business strategy, COR Theory helps us to understand that firms view ESG (Environmental, Social, and Governance) adoption not simply as a requirement, but as strategic reaction to protect intangible assets such as stakeholder trust, reputational equity and legitimacy. In the body of literature of ESG administration and government, this theory allows researchers to examine how firm use sustainability activities 93 to control resources shortage, reduce negative perceptions and increasing long-term sustainability functions (Cheung & Lai, 2023). Applying COR Theory to the Indonesian energy sector provides a robust lens for understanding how ESG actions are deployed to buffer firms against regulatory, environmental, and social volatility.

A series of recent getting down on ground studies found that ESG integration is increasingly considered in the corporate space in Indonesia, especially among the energy sector. For instance, a case on PT Migas–North Field indicated partial uptake of ESG indicators, where environmental and social indicators were being used more than governance indicators like the diversity of the board and climate oversight (Sibarani, 2023). Another study on publicly listed Indonesian energy firms indicated a strong correlation between ESG adherence and firm value, mediated through financial performance metrics like ROA and Tobin's Q, though challenges in achieving full integration persist (Tamimi & Sebastianelli, 2017). Furthermore, ESG-related tax regulations have emerged as a powerful institutional tool to incentivize green investments and regulate carbon-intensive sectors in Indonesia, pointing to the evolving policy infrastructure surrounding sustainability efforts (Siagian & Sinaga, 2024).

Despite this expanding body of work, key gaps remain in the literature. First, the majority of ESG studies in Indonesia have utilized quantitative designs focused on financial performance outcomes, with limited exploration of internal organizational dynamics and stakeholder perspectives (Triwacananingrum et al, 2024). Second, there is a lack of work unpacking the ways in which ESG values are interpreted, challenged, and translated into action inside firms – mostly using qualitative methods to give voice to ESG managers and decision-makers. Third,

current research does not adequately incorporate theoretical models such as COR Theory, which can offer enhance explanatory power in ESG practice as a resource-management (as opposed to voluntary compliance) strategy (Sciarelli et al, 2021). Finally, the contextual diversity within the Indonesian energy sector ranging from state-owned enterprises to renewable startups remains under-theorized, leaving a gap in understanding how ESG manifests across organizational types and institutional pressures (Faeni, Puspitaningtyas, & Safitri, 2021 ; Sitaresmi & Wahyudi, 2022).

This paper helps to fill this research gap by providing a qualitative, theory-laden assessment of the implementation of ESG within an Indonesian energy company purposively chosen sample. Unlike earlier work that emphasizes ESG scorecards or aggregated performance measures, this paper details the lived experiences, decision-making logics, and interpretive frames that underlie the practice of ESG at the firm level. Situating our examination in COR Theory, this study contributes to a conceptual knowledge of ESG integration as a dynamic mechanism of resource acquisition and conservation through which organisations attend to internal demands and external expectations (Ajayi & Fakunmoju, 2024). In doing so, it addresses the lack of context-sensitive, qualitative insights into ESG governance in emerging economies and expands the theoretical conversation on how sustainability is embedded in organizational behavior (Yuliarti, Panggabean, Farida, & Gulo, 2023).

A review of dominant approaches in the field reveals that financial, policy, and investor-centric lenses have traditionally guided ESG research in Indonesia and Southeast Asia. Quantitative studies dominate, often using ESG indices, regression models, or structural equation modeling to correlate sustainability practices with profitability or shareholder value (Cheung & Lai, 2023). At the same time, ESG discourse is increasingly framed around regulatory frameworks such as the Financial Services Authority Regulation No. 51/POJK.03/2017, which mandates sustainability reporting for listed companies in Indonesia (Clementino & Perkins, 2021). Additionally, ESG has been linked to green finance strategies and investment efficiency, positioning it as a vehicle for sustainable economic development rather than a deeply embedded organizational ethic (Zhao, 2024). However, these perspectives risk neglecting the human, institutional, and cultural dimensions of ESG practice areas this study seeks to foreground.

The extant state of the research thus indicates a call to reconceptualize ESG, not as a set of metrics or policy instruments, but as a dynamically socially constructed process in which organizations manage complex institutional contexts. In embedding our study in the COR

Theory, ESG administration and government functions as a strategic resource-management mechanism, enabling firms to preserve legitimacy, stakeholder trust, and reputational capital through structured governance routines and managerial controls rather than ad hoc compliance, because administrative irregularities also have the potential to cause miscommunication (Hapsari & Agustina, 2025). On this basis, I explain in the following section the research methodology followed to discuss the way in which Indonesian energy companies interpret and implement ESG principles in strategic and operational decision-making.

METHODOLOGY

This paper takes a qualitative and interpretive case study research design to investigating the way medium and large firms operating in energy sector in Indonesia construct, manage, and administratively enact ESG principles. The interpretive approach recognizes that sustainability initiatives are socially constructed, and focuses on the subjective meanings, routines, and administrative practices of ESG decision makers in complex organisational contexts. An interpretive case study, such an approach enables rich context and empirical innovation and narratives that quantitative work simply cannot uncover within a developing market (such as Indonesia's energy market, for example) (Marsdenia & Koestoer, 2023).

The major sources for the data on which this study is based are semi-structured interviews conducted with ESG executives, sustainability officers and CSR managers in between 6-8 deliberately chosen companies that operate within fossil and renewable sub-sectors. These companies were chosen based on the visibility of their ESG disclosures and the presence of formal ESG administrative structures, such as sustainability units or governance committees. Secondary data are derived from company ESG reports, sustainability policies of the companies, and regulatory frameworks provided by company and Indonesian government entities' official websites. This combination of data sources provides both depth and breadth, allowing examination of ESG not only as practice but as administratively coordinated activity (Johnson, Grove, & Clarke, 2019).

Data was collected using three main tools: 1) semi-structured interview guide designed around the ESG domains and their administrative coordination; 2) protocol for analysis of documents to assess ESG reports and policies as manifestations of administrative intent and control; 3) field entries, following visits to participating companies, whenever it was possible. All interviews were conducted with the permission of the participants and were audio-recorded, and transcribed afterwards. Data collection was based on a clear inclusion criterion: information

for which the firm made publicly available ESG disclosures in the past three years and documents specifically mentioning policy or practice in one or more ESG areas. This ensured that the support material was relevant and current (Debnath & Chellasamy, 2024).

The research population comprises all registered medium and large-scale energy companies operating within the jurisdiction of Indonesia's Ministry of Energy and Mineral Resources. A purposive sample was drawn based on companies' participation in ESG-related reporting initiatives such as the Global Reporting Initiative (GRI), Indonesia's Sustainable Finance Roadmap, or membership in renewable energy associations. Key inclusion criteria included the presence of a designated ESG function, availability of publicly accessible ESG reports, and willingness of company representatives to participate in interviews. This approach aligns with qualitative case study logic, prioritizing information-rich cases and in-depth understanding of ESG administration and government rather than statistical generalizability (Paleni, Nurazi, & Rahmayanti, 2024).

Quantitative data analysis used a structured thematic-based qualitative approach. The six-phase approach described by Braun and Clarke was utilized: Phase 1) reading and re-reading of the data, phase 2) coding-stages of engagement, using both inductive and deductive reasoning; Phase 3) searching for themes; Phase 4) reviewing themes and their relationship with the data; Phase 5) defining and naming the themes; Phase 6) producing the report. Finally, in secondary documents, content analysis of key term and thematic frequency was employed to map the evolution of ESG terms and themes over policy documents and reports. The convergence of these two analytical approaches yielded a holistic view on the narrative/documented accounts of the implementation of ESG (Sanga et al., 2024).

Triangles were created by comparing data from interviews, reports, and field notes in order to verify the emergent categories and to look for conceptual gaps between corporate discourse and practice. Coding and management of the large qualitative database was facilitated by NVivo 12 software, which supported efficient categorizing, memo-writing, and matrix analysis. Reflexive memoing supported interpretation of how ESG practices function as administratively managed resources within the Conservation of Resources (COR) Theory framework. This theoretical framework informed pattern-matching techniques, in which observed ESG practices (e.g., using ESG to manage reputation, to signal compliance) were systematically compared to COR Theory's predictions about how firms seek through practice to protect optimize their resources (Kieser Progressive ability to utilise resources: Barriers practices (Kazmi et al., 2016).

RESULT DAN DISCUSSION

Research Results

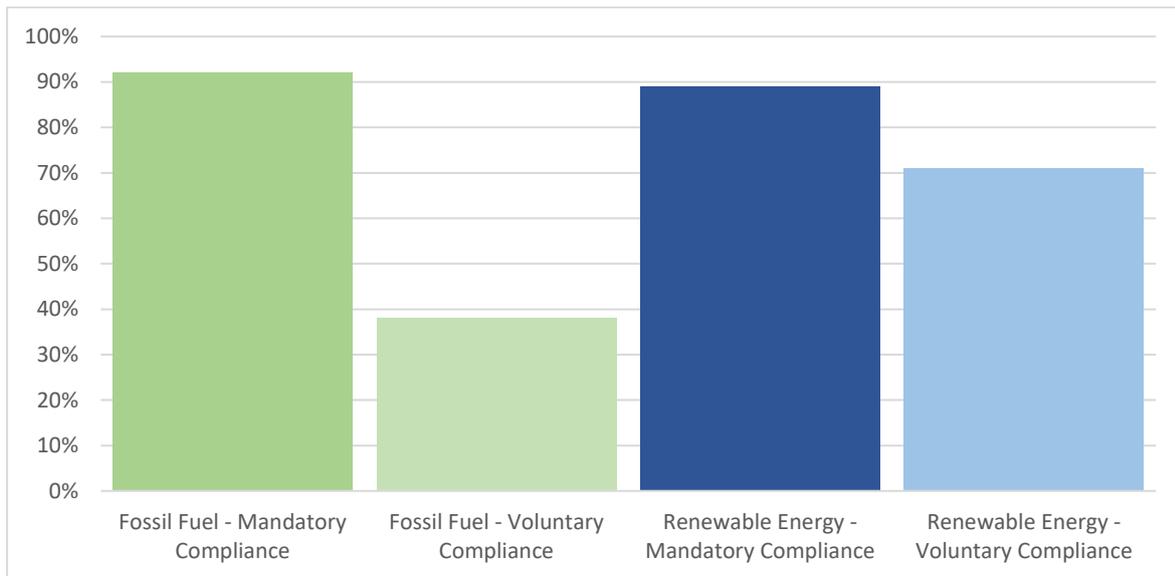
The thematic analysis of interviews, triangulated with corporate ESG reports and regulatory data, reveals how ESG principles are interpreted and implemented through administrative and governance arrangements within Indonesia's energy sector. Data coding produced a set of dominant themes that recur across cases: strategic reframing of ESG as risk-and-reputation management, institutional adaptation through governance restructuring, stakeholder-driven compliance, and a persistent tension between symbolic reporting and substantive reform. These patterns are reinforced by documentary evidence demonstrating how ESG is operationalized through formal administrative mandates. Document analysis confirmed these organizational patterns, with 87.5% of ESG reports containing detailed organizational charts and governance structures. However, field observations revealed that the sophistication of administrative structures did not always correlate with ESG performance effectiveness. This finding aligns with COR Theory's premise that resources must be effectively utilized rather than merely accumulated (Hobfoll, 1989).

Procedural validity and reliability measures appropriate to qualitative inquiry were applied. The interview protocol was piloted and refined to ensure clarity and relevance. Triangulation across interview data, corporate documents, and public regulatory datasets increased the credibility of inferences. Coding was conducted by multiple analysts and discrepancies were resolved through iterative discussion and consensus, and selected findings were subjected to respondent validation (member checking) to confirm interpretive accuracy. No inferential statistical hypothesis tests were conducted because the study employs an interpretive qualitative design focused on process and meaning rather than hypothesis testing.

Analytical findings may be summarized in the following descriptive terms. Environmental practices (for example, emissions monitoring, resource efficiency initiatives, and green accounting) were more concretely operationalized and reported. Governance measures (such as internal ESG mandates and board oversight) exhibited variable institutionalization, with a subset of firms embedding ESG responsibilities within board and cross-functional structures. Social initiatives (including gender equity, community engagement, and social impact measurement) were the least consistently administratively managed, often appeared as checklist items in disclosures without accompanying impact metrics. Sectoral differences were evident: renewable energy firms more frequently framed ESG as integral to business strategy, whereas fossil-fuel companies more commonly framed ESG as a mechanism

for risk mitigation and access to capital. The regulatory compliance theme exhibited notable variations across sub-sectors. Fossil fuel companies demonstrated higher compliance rates with mandatory disclosures (92%) but lower voluntary ESG initiatives (38%). In contrast, renewable energy firms showed higher engagement with voluntary ESG standards (71%) while maintaining comparable mandatory compliance rates (89%).

Figure 1 : ESG Compliance Rates : Fossil Fuel vs Renewable Energy



Primary data is processed (2025)

In response to the study’s research questions, the data indicate that companies translate ESG into organizational practice primarily as a strategic resource management activity that facilitates financing and legitimacy. Implementation pathways vary according to organizational capacity, exposure to external pressures, and sectoral orientation. The presence of formal ESG governance structures correlates with more comprehensive practices, yet formal disclosure does not uniformly reflect substantive operational change, as corroborated by discrepancies between reported ESG performance and regulatory risk categorizations. While regulatory compliance dominated ESG administration and government motives, strategic resource optimization emerged as a secondary but significant theme. Companies increasingly view ESG practices as resources that can be leveraged for competitive advantage, particularly in investor relations and market positioning. This finding supports COR Theory’s emphasis on resource acquisition and investment as key organizational responses to environmental demands (Kazmi et al., 2016). The strategic use of ESG manifested in three primary ways:

1. Reputation Management: 62.5% of companies explicitly linked ESG initiatives to brand enhancement and public image management.

2. Investor Relations: 50% reported using ESG performance as a tool for attracting and retaining investors, particularly from international markets.
3. Operational Efficiency: 37.5% connected ESG practices to cost reduction and operational improvements.

Overall, the results indicate that ESG administrative functions primarily as a strategic implementation process aimed at managing legitimacy, regulatory exposure, and access to finance. Formal ESG administration and government enhances coherence, yet disclosure alone does not guarantee substantive operational change.

Discussion of Research Results

The findings of this study indicate that ESG administration and government in Indonesia's energy sector is governed by complex organizational and institutional dynamics and is frequently perceived as an administrative obligation rather than a transformative sustainability agenda. The evidence shows that ESG is often perceived as a procedural requirement or an administrative task rather than a transformative sustainability agenda. ESG emerges as a socially embedded process governed by administrative routines, institutional pressures, and strategic resource considerations. The results of this study align with Khamisu et al. (2024) and Zhang (2024) who stated that the administrative nature of ESG governance reflects a broader trend in emerging markets where regulatory expectations and legitimacy concerns drive symbolic adoption rather than substantive change. Companies interpret ESG primarily as a compliance requirement, leading to the formalization of reporting structures without proper integration into core business strategies. This phenomenon aligns with the concept of institutional separation (Meyer & Rowan, 1983), where organizations maintain ceremonial structures such as sustainability reports or ESG committees that are structurally disconnected from actual operational practices.

A key contribution of this study lies in the application of Conservation of Resources (COR) Theory as an interpretive framework (Hobfoll, 1989). COR Theory posits that organizations seek to acquire, maintain, and protect valuable resources, including reputation, legitimacy, and stakeholder trust. When viewed through this lens, ESG adoption appears not only as a response to regulatory or stakeholder expectations but also as a strategic mechanism for resource preservation. Research from Khamisu et al. (2024) states that firms facing heightened exposure to public scrutiny or environmental risk tend to rely on ESG disclosures as a protective mechanism to safeguard legitimacy and reduce potential reputational losses.

This theoretical interpretation enriches the understanding of ESG as an instrumental and dynamic resource management process rather than a purely normative commitment.

Policy recommendations for regulators and management of energy companies in Indonesia include developing an integrated strategy for a sustainable energy transition by incorporating renewable energy such as solar, wind, and geothermal into their portfolios while systematically phasing out high-carbon assets. Investment in research and development for clean technologies, along with digital transformation through smart grids and predictive maintenance, can enhance operational efficiency and reduce costs. Companies should also deliver integrated energy solutions that link generation, distribution, and retail to improve service delivery. A strong commitment to stakeholder engagement is essential, including transparent communication with local communities and initiatives to expand energy access in underserved regions. Formal adoption of international environmental, social, and governance (ESG) reporting standards will strengthen accountability and align operations with global sustainability practices.

This research reinforces previous research on the dominance of coercive isomorphism driven by national regulations such as the Financial Services Authority (OJK) Sustainability Roadmap and international pressure from climate finance mechanisms, which explains the reactive nature of ESG adoption (Yustina et al., 2024). However, weak enforcement and the lack of standardized measurement, particularly for the Social and Governance pillar, result in inconsistent implementation. As noted by Setiawan and Utami (2025), the absence of reliable metrics for social performance (e.g., community engagement, labor rights) leads companies to prioritize easily measurable environmental indicators (e.g., carbon reporting) while neglecting broader stakeholder accountability. The mismatch between ESG discourse and practice is further exacerbated by mimetic isomorphism, where companies imitate the reporting styles of industry leaders or multinational corporations without adopting equivalent internal systems (Shawarira & Amadi, 2024). This is particularly evident among state-owned enterprises (SOEs), where ESG reporting follows a ritualistic pattern, often outsourced to consultants, with limited board-level oversight (Khamisu et al., 2024). Such symbolic ESG management undermines its transformative potential and perpetuates greenwashing, especially when disclosures are not audited or verified (Mutswiri et al., 2026).

This research aligns closely with the concept from a stakeholder theory perspective that ESG reporting functions as a signaling mechanism, as has been used in previous research (Moussa & Elmarzouky, 2024). By publishing ESG reports, companies signal compliance and

responsibility to global investors, lenders, and regulators, even when internal capabilities lag. However, this signaling is often unidirectional and lacks feedback mechanisms, limiting accountability and participatory governance. The asymmetry between external presentation and internal reality points to a deeper structural problem: ESG governance remains a top-down, disclosure-driven exercise, rather than an integrated, stakeholder-involved process.

The study's novelty lies in foregrounding ESG as an administratively mediated process, revealing misalignments between disclosure-driven compliance and substantive sustainability outcomes. This contributes to broader debates on ESG authenticity, organizational legitimacy, and the limits of disclosure-centric administrative governance in emerging markets. First, it provides field-based qualitative evidence from an understudied sector in Indonesia, offering fine-grained insights that are not captured in quantitative or document-based analyses. Second, by integrating COR Theory with empirical data, the study presents a coherent theoretical explanation for selective ESG adoption and for the prevalence of symbolic compliance. Third, the study identifies a structural misalignment between disclosure practices and actual risk profiles, contributing to the literature on ESG authenticity and organizational legitimacy.

A gap analysis further highlights several areas requiring scholarly and practical attention. The causal pathways linking governance structures to social and environmental outcomes remain insufficiently understood, and the reliance on disclosure-oriented compliance limits accountability. Measurement challenges persist, particularly for social indicators, which lack standardized metrics and robust impact evaluation techniques. Additionally, institutional pressures shape ESG trajectories unevenly, suggesting the need for comparative research across jurisdictions or subsectors.

In aggregate, the discussion underscores that ESG implementation in Indonesia's energy sector is best understood as a resource-dependent, institutionally mediated process rather than a uniform sustainability model. Strengthening governance structures, enhancing measurement systems, and aligning regulatory expectations with operational realities are crucial steps for advancing ESG effectiveness in emerging-market contexts.

CONCLUSION

Findings this study demonstrates that the process of ESG administration and governance in Indonesian energy sector is dynamic, multi-dimensional influenced by strategic motives, institutional pressures and organizational interpretation. Empirical findings reveal that ESG is selectively constructed as a reputational safeguard, compliance mechanism, and

administratively managed resource, contingent on firm context and stakeholder expectations. The current results directly address a research objective by revealing how ESG values are reflected into actual governance systems and operational choices, particularly across the corporate risk, legitimacy and resource efficiency lenses.

Theoretical contribution through the use of the Conservation of Resources Theory, the research offers new insights into the reasons behind and mechanisms through which firms implement sustainability measures in times of uncertainty and reputational insecurity, thus contributing to the ESG debate. This framework extends previous mechanistic views of ESG as legal or ethical rights and obligations, reframing ESG integration as a strategic quest to gain and protect intangible organizational resources. Operationally, the research can inform energy companies on how to better reconcile ESG rhetoric with internal governance by fostering trust from various stakeholders, and institutionalization of sustainability as strategic function. These insights increase the knowledge of ESG behavior in emerging markets, and offer actionable perspectives for sustainability practitioners, policy makers, and business leaders. Through COR Theory, the study reframes ESG integration as a strategic effort to acquire and preserve organizational resources via administrative governance systems rather than mere ethical compliance. Practically, the findings underscore the importance of strengthening internal ESG administration, aligning governance structures with operational realities, and institutionalizing sustainability as a strategic organizational function.

Future studies could leverage comparative studies across industries and geographies to investigate how local governance systems, institutional logics, and industry structures shape ESG practices and administration. Longitudinal case studies might also help illuminate how firms change their ESG adoption practices over time, as regulatory changes and societal expectations evolve. For professionals and policy makers, incorporating ESG principles into compulsory governance norms and industry-specific benefits would speed up a more genuine and measurable sustainability change.

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