

Outside-In and Inside-Out Perspectives: An Analysis of ESG's Social Dimension in Indonesian Air Navigation Company

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ABSTRACT

The increasing quality issues of sustainability reports in general include several important aspects that can affect the credibility and usefulness of the report. In this context, the materiality of information enhances the relevance and transparency of the company's disclosures. This study examines the implementation of social materiality perspectives at the Indonesian Air Navigation Company within the Environmental, Social, and Governance (ESG) principles framework by integrating the outside-in and inside-out perspectives. Utilizing a materiality perspective, this research supports organizations in preparing disclosures of essential information within sustainability reports. The research uses a qualitative method, utilizing document review and semi-structured interviews with key stakeholders to explore ways to disclose outside-in and inside-out perspectives with sustainability reporting. The findings show that integrating social components into a company's ESG framework highlights its approach to materiality. The company measures its operational activities against various external requirements, embodying an outside-in perspective that reflects how external factors affect its operations. The company's materiality is in line with the outside-in perspective that takes into account investor considerations and financial risks; this also shows the use of the POJK 51 / POJK.03 / 2017 framework to adjust to the company's needs. Meanwhile, the company continues to allocate resources for social initiatives that improve stakeholder welfare, which represents an inside-out materiality perspective where internal capabilities are utilized to overcome operational pressures.

Keywords: Inside-out; materiality; outside-in; social dimension; social accounting; sustainability reporting.

INTRODUCTION

The growing trend of corporate reporting on concerns related to sustainability has significant repercussions for businesses, particularly for the many different interest groups that are integrated into it [51]. There are regulatory and standard-setting initiatives that are centered on the information demands of investors in relation to sustainability issues that have financial repercussions for the company [9]. Sustainability reports are frequently linked to financial reports due to the fact that they serve a complementary function to the report itself. However, this connection is frequently not adequately captured due to the fact that sustainability reports include the entire supply chain, which is less measurable over time period limits [49]. Furthermore, sustainability reports in the context of ESG (Environmental, Social, and Governance) are generally associated with company performance as reflected in ESG's risks, and

company strategy, where this becomes the body of stakeholders so that the company becomes more transparent to company management [39]; [50]. The growing awareness of ESG encourages firms to demonstrate greater concern for the external environment, with their contributions measured through ESG indices—tools that also assist investors and stakeholders in evaluating a company's environmental and social responsibility, also gauging the maturity level of its strategic and operational processes [41][3].

To fulfill the environmental, social, and governance (ESG) requirements of businesses, there is a materiality matrix that has been utilized by several businesses for many years [44]. This matrix has two axes: one for society's interests and one for the company's. In the context of both financial and non-financial information, the concept of materiality contains commonalities in terms of the utility of information in the process of decision-making. According to the International Accounting Standards

Board (IASB), the concept of materiality states that information is considered material when the loss of information can have an effect on the decision-making process in a report [33]. This definition sheds light on the aforementioned statement. The growth in the requirement for environmental, social, and governance (ESG) information itself is required as the materiality of financial information that is relevant to investors as well as to companies, according to a number of studies that have been conducted in the past [42]. However, in the context of sustainability reporting, materiality often remains ambiguous and controversial. This is due to the fact that sustainability is difficult to quantify in a straightforward and particular manner for its users [11].

Within the framework of corporate sustainability, this study endeavors to investigate the various methods by which materiality might be evaluated. The purpose of materiality in sustainability should be to ensure accountability to stakeholders in comparison to the management process [11]. In other words, the purpose of the materiality analysis process is to work toward improving the quality of reporting as well as the position of the implementation of the benefits of sustainability [45]. After that, the materiality of the sustainability report is further broken down into two components, which are referred to as double materiality. This concept was introduced by the Corporate Sustainability Reporting Directive (CSRD), which emphasizes that companies must not only pay attention to the external impact on the company, or financial materiality (outside-in), but also the internal impact on the outside world, or impact materiality (inside-out) [15].

There is still a lack of focus on the overall industry in Indonesia when it comes to the implementation of practical sustainability reports. In addition to the GRI Index, applicable standards also include POJK No.51/POJK.03/2017. Because each firm's standards differ, considering the applicable standards can complicate the connection. When it comes to sustainability reporting, both reporting practices and studies often lack materiality [48]. In addition, previous literature stated that when analyzing the significance of information, the impact of materiality (inside-out) is frequently overlooked in comparison to the financial impact (outside-in) because it is regarded as not having an effect on the organization [35]. This is due to the fact that elements that come from the outside are frequently referred to as "grand challenges" and are easier to calculate [36]. Another finding indicated that environmental and social issues are less important than making business decisions [23]. As a result, corporate governance needs to pay more attention to it in order to pay attention to environmental and social performance.

To contribute to the field of sustainability research and to explore in greater depth how businesses think about the notion of sustainability reporting from the point of view of outside-in and inside-out materiality in the ESG element, the purpose of this study is to discuss the concept in greater depth. The social aspect of environmental, social, and governance (ESG) is the primary focus of this study. This is significant since the service sector of the organization under investigation makes a significant contribution to the social sector. The air navigation company examined in this study is a service company that offers motivation concerning the execution of corporate social performance, mostly focusing on human resources services. Furthermore, the company's workspace is closely interconnected with the surrounding social community. It is essential to acknowledge that the company must address social issues both internally and externally, as well as fulfill its commitments, specifically through POJK No. 51/POJK.03/2017 and the GRI Index. According to CNBC Indonesia, a senior researcher at the Center for Strategic and International Studies (CSIS) named Haryo Aswicahyono stated that the quality of work in Indonesia is consistently falling, which is causing a sustained decline in labor productivity [10]. Additionally, Indonesia is a multicultural nation that is characterized by a diversified population that possesses various of languages, cultures, races, faiths, and beliefs [47]. Issues related to women, affecting profitability and corporate responsibility, persist in Indonesia due to enduring gender inequality rooted in a long-standing patriarchal culture [19]. As a result, these differences present a substantial risk and difficulty for businesses. To determine whether a company in Indonesia now has a tendency to have an outside-in or inside-out materiality perspective, the qualitative approach is specifically intended to investigate this question [47]. According to the findings of this research, due to the restrictions that are currently in effect in Indonesia, businesses can to implement a dual strategy to ensure that they continue to gain benefits.

Evolution of Social Accounting and ESG

There are several factors that contributed to the development of the ESG concept, one of which is the social accounting approach. Social accounting is a significant component of the Social and Environmental Accounting (SEA) literature, which has been created through a variety of studies over the course of the past twenty years. Compared to environmental accounting, most research in developing countries focuses on social accounting [37]. In other words, social accounting is a kind of communication from a

company that bridges the larger community with the economic actions performed by the organization [17]. Social accounting facilitates this communication. The term "social accounting theory" refers to a notion in accounting that extends beyond the realm of financial statements and takes into account the effects that the organization has on the environment and society. Since the use of social accounting makes it possible to identify and evaluate how value is created between various parties involved in the organization, and because it reflects the overall value that can be generated by an organization, the purpose of social accounting is to complement traditional accounting [24]. Because of this, the purpose of Social Accounting is to complement traditional accounting. Social accounting is a measurement instrument that records and evaluates a company's social responsibility actions during the implementation of social responsibility [46]. To put it another way, social accounting has the potential to offer advantages in terms of measuring the accomplishment of social performance related to the implementation of corporate social responsibility by means of historical overviews.

There is continuity in social accounting and sustainability reporting research [16]. Studies often link social accounting and sustainability reporting in the context of ESG. Additionally, ESG is not only part of corporate law, but ESG activities, including company investments, are expected to achieve sustainability and long-term benefits for the company [8]. Earlier findings suggest that one of the ESG activities, namely relational connectivity, helps companies improve their accountability, as shown by the company's compliance with the EU directive [30]. In relation to this study, the ESG concept is based on applicable regulations, namely the Global Reporting Initiative (GRI) and POJK No. 51/POJK.03/2017. Both start from the same element, where the GRI standard is formed from a Triple Bottom Line framework. This standard is a voluntary disclosure for companies in their sustainability reports [6]. Meanwhile, POJK No. 51/POJK.03/2017 aims to support sustainable development and drive the economy in aspects that pay attention to the economy, society, and environment through the Sustainable Finance Action Plan. Furthermore, previous findings indicate that ESG reporting issued by companies can be a source and supporter of completeness of information beyond the function of financial reporting, but with benefits for considering the benefits and risks resulting from ESG [40].

Social Materiality Perspective

Earlier work has demonstrated that in assembling sustainability factors under the ESG

framework, a materiality element influences how corporations disclose their social and environmental responsibilities [15]. The assessment of materiality in sustainability reporting is typically challenging due to the absence of a clear definition for it, and the reporting process is dictated by firms without a standardized approach [22]. Prior research has indicated that corporate governance has a positive and significant influence on the materiality level of sustainability reports and quality level by the proportion and experience of the boards [28] [18]. According to existing research there are two viewpoints for establishing reporting materiality: the outside-in and inside-out perspectives [7]. He further asserted that, within the framework of ESG, the outside-in perspective modifies the potential ESG risks inherent to the organization. Outside-in is frequently termed financial materiality, manifested through the effects on the company's performance and developmental processes, including elements that may be represented in the financial statement accounts [15]. The outside-in concept refers to external influences that pressure a company's internal operations. Diverse stakeholders, including investors, and pertinent conflicts about corporate accountability typically shape this viewpoint [29]. Various factors can influence the risk level, including the discordance between regulatory pressures, company performance, and societal standards [21] [4] [25]. This viewpoint is based on the normative belief that a company's purpose must correspond with external systemic needs, framing its existence as a reaction to wider societal issues [2].

Previous findings characterize the inside-out perspective as effect materiality [15]. In this context, the impacts span environmental, social, and economic dimensions, demonstrating the interconnectedness of all the organization's external outputs. Meanwhile, another finding asserts that the company enhances stakeholder welfare while prioritizing strategic advantages to attain sustainable excellence, thereby augmenting its distinctiveness to generate economic value [20]; [27]. Previous findings also documented that the inside-out perspective focuses on enhancing the company's worth by prioritizing its objectives and adhering to best practices for public welfare, including corporate culture and digital transformation [2] [26]. Organizations functioning from an inside-out perspective may exhibit disorganization and autonomy, propelled by grassroots efforts rather than external directives. A significant element in this paradigm is transcendent motivation; this purpose-driven activity frequently produces mutually beneficial effects, improving both social and business success. The inside-out strategy prioritizes inner motivators and the internal alignment of purpose

with action, rather than largely reacting to external forces [2].

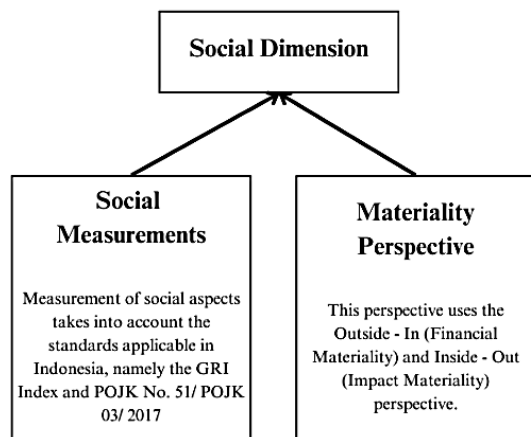


Figure 1. The conceptual framework

RESEARCH METHOD

This study employs a qualitative research methodology, adhering to Creswell's framework, which involves investigating a problem by collecting interview data about social materiality in disclosure of sustainability within Indonesian Air Navigation Companies. This study deploys a phenomenological research approach, a design rooted in philosophy and psychology, enabling researchers to investigate phenomena experienced by participants [13]. This approach typically involves interviews and seeks to elucidate the significance of individuals' life experiences concerning a specific phenomenon, thereby facilitating a deeper understanding of human consciousness about those experiences [38] [14]. Comprehensive interviews, observations, and documentation collected the data for this phenomenological study, recording it in field notes that included both descriptive and reflective elements. Descriptive notes documented naturalistic data—observations of what the writers watched, heard, sensed, or experienced—without interpretation, encompassing details on settings, participants, and activities within specified contexts. Conversely, reflective notes encompassed the authors' insights, observations, and initial interpretations, functioning as a resource for directing subsequent data collection. Data were collected via observations, participatory methods, document reviews, and interviews with various informants and were subsequently processed through note-taking, recording, and editing.

During the research, interview data were categorized through open coding approaches, revealing emergent themes pertinent to materiality views, specifically Outside-In and Inside-Out viewpoints. The themes were categorized into features of purposes,

leadership, organizational implications, and stakeholder audience.

To collect data for this study, the author conducted in-depth interviews and documentation with each stakeholder who served as an informant to discern themes about corporate social values. The informants in this study consisted of six company employees who were instrumental in shaping social dimensions, notably from social and environmental responsibility divisions, training, talent development, and human resources planning, two local community members, one researcher, and one company customer. Each interview lasted between 45 and 90 minutes and was conducted both offline and online. Offline interviews were conducted at the informants' workplaces, while online interviews were conducted via the Zoom application. Furthermore, the analytical framework encompasses three simultaneous activities: data reduction, data presentation, and conclusion formulation or validation [32]. The following table pertains to the research informants:

Table 1. Description of Informants

Code	Job Tenure (Years)	Gender	Position
Informant 1	30	M	Social and Environmental Responsibility Manager
Informant 2	13	M	Junior Manager Planning and Evaluation Social and Environmental Responsibility
Informant 3	11	F	Staff of Social and Environmental Responsibility
Informant 4	23	M	Talent Development Manager
Informant 5	19	F	Manager of Organization and HR Planning
Informant 6	26	M	Manager of Training Center
Informant 7	13	M	Lecturer Specialist
Informant 8	11	M	Chairman of Social Foundation
Informant 9	24	M	Senior Auditor and Head of the Mosque Management Council
Informant 10	4	M	Pilot

RESULTS AND DISCUSSION

Materiality Perspectives in Sustainability Regulation (ESG's Social Dimension)

Companies face significant pressure to adhere to the demands of corporate sustainability. To accomplish this, organizations require assistance in fully implementing relevant rules. In Indonesia, various factors compel corporations to disclose sustainability information via sustainability reports, including the enactment of rules from POJK No. 51/POJK. 03/2017 and stakeholder influence [31].

Existing research asserts that the state of sustainability reporting in Indonesia varies across industries, exhibiting low disclosure quality [43]. From a materiality standpoint, the company will adopt a strategy to modify their business sectors or services. The approach of materiality (outside-in and inside-out) encourages organizations to recognize significant information, ensuring they are not solely focused on governmental regulations but also gaining insights for enhanced sustainability disclosures.

Within the framework of the materiality approach, POJK No. 51/POJK. 03/2017 affects the sustainability regulations in Indonesia locally, while GRI Index affects them globally. Nonetheless, regarding materiality, the framework of sustainability regulations adopts a distinct approach. The inside-out perspective employs an impact materiality approach, emphasizing social and environmental dimensions. This approach pertains to the GRI Index, which provides a framework emphasizing social and environmental dimensions through impact-based reporting. It encourages companies to demonstrate greater commitment to costs and engagement not only in their primary social responsibilities but also in environmental development [1]; [12]. The GRI Index demonstrates materiality in sustainability reports via GRI 1 and GRI 3, which address material topics related to environmental, social, and economic factors. Specifically concerning the social dimension, there exists a set of social indices (GRI 400) that encompasses social policies, particularly pertaining to human rights related to employees, customers, suppliers, local communities, and other business partners of the organization [34]. The GRI Index, although acknowledging economic factors, places greater focus on environmental and social objectives, highlighting corporate responsibilities towards the external environment.

In other regulations applicable in Indonesia, there exists a perspective that highlights a difference concerning the GRI index sustainability report standard, specifically POJK No. 51/POJK. 03/2017. The regulation prominently features a key element centered on its primary aim: safeguarding the financial stability of the company. This is highlighted in Article 2, paragraph (1), which states that "the goal of sustainable finance is to create sustainable economic growth..." Additionally, Article 8 addresses the execution of sustainable finance, referencing the Sustainable Finance Action Plan and emphasizing the value of organizational management and risk management within the company. While the inside-out perspective takes into account various internal aspects, POJK No. 51/POJK. 03/2017 regulation places particular emphasis on risks arising from external factors, thereby aligning the regulation more closely with the outside-in perspective.

Adoption of ESG Social Dimension at Indonesian Air Navigation Company

This study examines an Indonesian air navigation company, focusing on the adoption of Environmental, Social, and Governance (ESG) principles and the associated risks and benefits. The social component of ESG significantly influences the company's delivery service and its ability to confront problems in achieving its objectives. Concerns exist over the company's approach to materiality in relation to applicable ESG requirements, necessitating attention to economic conditions while also addressing social difficulties that affect the service company. The materiality of a company's social dimensions is established by internal assessments encompassing human rights and labor practices, diversity and inclusion, employee well-being, community engagement, and ethical supply chains [5]. The research informant indicated that the company prioritizes social aspects of ESG, with Informant 1 asserting that the implementation of ESG is a key objective for enhancing the company's services. "To enhance the company's social services, we invite or maintain the neighborhood to serve as both an environmental and a living fence. This allows for positive collaboration between the community and us and creates a favorable work environment." (Informant 1). The statement indicates that the company fully recognizes that enhancing community relations is vital to the success of its service improvements. The company acknowledges the close relationship between its service sector and the community in which it operates. Furthermore, informant 1 said that the organization meticulously considers its social dimensions, particularly internal factors concerning its employees, as seen by the following comment, "For internal purposes, such as for employees, we provide training in the form of training needed by the employee themselves. We know it as sustainability." (Informant 1).

The company pays great attention to its employees and is particularly focused on social issues related to ESG, especially in the area of company services; human resources play a crucial role in achieving the company's goals. Furthermore, informant 2 added, "This company is in almost 90 airports in Indonesia, so automatically there are no differences like the differences in ethnicity in its employees, and there are no ethnicities with us either. In fact, some of us recruit many Papuan sons and daughters. We hope to see an increase in human resources in the Papua region, as they have consistently been left behind due to being classified as 3T (underdeveloped, frontier, and outermost) areas." (informant 2).

The statement above indicates that the company directly pays attention to the surrounding

community and also resolves issues of equality, diversity, and inclusivity. This shows that the company directly pays attention to the surrounding community and also resolves issues of equality, diversity, and inclusivity.

The company further emphasizes employee rights in the sustainability aspect through the following statement. "The assessment process from when employees are hired until they leave through employee performance assessments and then human resource development, including competency measurement and including the career development process. Therefore, I believe this process is closely aligned with the ESG framework and corporate sustainability principles," (informant 4). The statement above indicates that the company is obligated to support its employees' rights by providing competency development and facilitating their career advancement. Informant 4 stated that this is part of the company's effort to show its sustainability in paying attention to the quality of service provided to customers. However, informant 5 further added that the implementation of ESG in the company is through the form of adoption and does not fully use related ESG regulations even though the company has implemented social items from ESG such as the statement, "So, the function that we can now adopt is perhaps not purely ESG but is rich in gender, disability, and then the environment in the context of perhaps not being related to physical but policy support, especially perhaps with respectful workplace policies and well-being" (informant 5).

In this case, the company seeks to ratify existing policies by adopting ESG aspects such as a respectful workplace policy through a whistle-blowing system and well-being through various activities to improve employee welfare, both mentally and physically, such as providing daycare facilities, coaching programs (financial, career, and mental), health facilities and physical, and spiritual fitness. The company demonstrates a strong commitment to integrating ESG principles into its activities, as highlighted by the various statements above. Additionally, the company implements social initiatives as part of its strategy to enhance the quality of its services. However, this adoption process is important for the company to see an important perspective to show its commitment to sustainability to the wider public. So there needs to be integration between the company's commitment and its need to achieve the company's sustainability strategy.

Outside-In Perspectives of the Company

The company's sustainability stance can help align its plan with pertinent requirements. The

outside-in perspective, as articulated by De Cristofaro and Gulluscio, examines the influence of sustainability on financial or business creation objectives, including company performance and development [15]. They also underscored that this viewpoint primarily serves the interests of investors.

This perspective, which is based on the outcomes of interviews with informants, provides a foundation for organizations to embrace ESG components. Informant 1 stated, "We have legitimate support in the form of a decree (SKEP) from the Ministry of SOEs, meaning that we only need to carry out the aspirations of the Ministry of SOEs." This indicates that the application of social concepts in the context of ESG goes through various regulations, such as SKEP, which is a reference outside the ESG standard. Informant 1 emphasized how vital the preparation of the Social and Environmental Responsibility (TJSL) program is because in the process the company also obtains direction from shareholders, namely the Ministry of SOEs, in implementing programs that must be carried out for the company. This process justifies the statement of informant 4 that, "So, the function that we can now adopt is perhaps not purely ESG, because it was requested by the Ministry of SOEs to be able to adopt or ratify the regulations that they have prepared" (informant 4).

The ESG approach in the company is carried out through the adoption function so that it does not fully or systematically apply the ESG standards that apply as strategic references because currently company managers are still trying to adopt and ratify the ESG concept. However, the process carried out by the company is mostly more inclined to adjust to POJK No. 51/POJK.03/2017 where the company's direction pays attention to the direction of investors or shareholders and the economic risks received from ESG activities issued as stated by informant 2, "We analyze of the impact of environmental and social risks, in which we have adjusted to the standards in the ministry and adjusted to the guidelines in the company. We also make monitoring reports that include monthly to annual evaluations to ensure that all KPIs that have been set can be met according to existing targets" (informant 2).

Furthermore, informant 2 emphasized that some specific risks are the main concern of the company as a service sector. "Our business process focuses on air navigation services, which guarantee flight safety and comfort for our service users, specifically airlines. We must ensure that on the flight path they fly, there are no disruptions that can result in accidents" (informant 2).

Based on an interview with informant 2, he stated that flight safety is a guarantee of the company's business process. The hot air balloon

activity has become the company's highlight in deploying its social activities to external parties. The hot air balloon activity in question has a high possibility of bringing risks to the company. "And during Eid, activities are at their highest; Jakarta-Surabaya is one of the busiest airline routes in Asia. Whisky 45 is hence a flight path used in Surabaya. They fly in the Syawal period when Eid and traffic are high" (informant 2).

The traditional process carried out by the community in the form of the Syawalan moment is one of the biggest risks for the company because it occurs in the company's service airspace, which has a major safety threat because the hot airspace temperature, wind, and other natural disturbances can trigger the danger of explosions, which not only disrupt flight routes, but the safety of service users in the airspace. Which not only causes casualties, but also the company's image, further emphasized by informant 2, "The complaint report from the airline is quite high, hundreds of complaints like that. Finally, if the company only prioritizes repressive actions, there will be a lot of rejection" (informant 2).

Furthermore, the risk of employee quality greatly affects the company's image towards the company's customers as one of the company's customers, of which informant 10 said, "Training is very important, especially related to the answer above, so that ATC (air traffic controllers) can be more able to coordinate between frequencies so that there are no more differences when controlling the aircraft. I expect ATC services to be efficient, uniform, and compact. So, they can save fuel and arrive quickly, right?" (informant 10).

In order for the business to maintain a positive and long-lasting relationship, it is crucial to pay attention to the risk that customers accept in addition to the risk that the business accepts. The informant highlighted the connection between the potential risk and the high cost of fuel spending. Additionally, Informant 4 added, "They will perform better as a result of their increased competence, which will enable them to appropriately meet safety criteria. So, for example, with stakeholders, friends who are head-to-head with customers, if they have sufficient competence, they will be more skilled or able to provide services" (informant 4).

This emphasizes that the company fully understands the potential risks it accepts and how to improve the company's operational quality through human resource development. Subsequently, by looking at the outside-in perspective, the company can strategically link investor demand and sustainable financial goals in accordance with POJK 51/POJK.03/2017. In other ways, POJK 51/POJK.03/2017 mandates enterprises to assume responsibility for the social dimensions of their external environment,

as articulated by Informant 8, the chairman of a social foundation, "Yayasan Sutan Al Barkah, the beneficiary of TJSL assistance from the company, is entrusted with the management of TJSL and significantly contributes annually by providing donations to the company's primary stakeholders, including wheelchairs, prosthetic limbs, cataract surgeries, canes, and walkers."

Furthermore, informant 9 noted that "the company frequently engages in social initiatives, particularly in response to natural disasters and in the realm of education." This includes enabling the head of the mosque near the company to offer educational support, wherein orphans participate in programs designed to enhance their religious understanding, engage in creative coaching activities with knowledgeable mentors, and receive financial assistance for underprivileged children. The company collaborates with mosque administrators during natural catastrophes to coordinate relief efforts.

Consequently, the author recognizes that the assessment of external impacts extends beyond the company's risks and advantages. Nonetheless, the company's adherence to regulations and commitment to sustainability concerns will foster a positive corporate image.

Inside-Out Perspectives of the Company

The inside-out perspective is a broad viewpoint on sustainability components, such as the GRI Index, which comprises a framework centered on social and environmental aspects (impact-based reporting) [1]; [12]. According to informant 3, the business prioritizes its environmental and social initiatives. "One of the goals of the program is to increase tourism in Nias again. Because the culture itself is very good, so with this program we want the Nias region to, increase like on social media, so that both local and foreign people start to be interested again in traveling to Nias" (informant 3).

The company seeks to enhance the economic conditions of the local community through the interview process, while also encouraging its employees to engage in volunteer work, thereby fostering their social skills and overall quality of interaction. Additionally, informants 2 and 3 noted that, "Like in Wonosobo, we likewise assist the disabled population despite their initial inequality. Starting with screen printing training, printing, any other needs they have as disabled individuals, and anything we can offer, we provide them assistance, support, training, and others" (informant 2). Informant 3 also added, "We are searching for students either in rural locations or around the airport; normally, OS who have not become permanent

workers are also included in the training since they are present in the community or the airport. One hopes they will pursue other employment and increase their income.”. Companies are focused on enhancing the quality of the economy by making changes in tourist areas, while also striving to elevate the skills of non-permanent employees, enabling them to achieve higher job status.

As a result, the company may experience long-term consequences from the strategic measures taken to implement ESG in numerous company activities. The organization not only prioritizes social responsibility but also strives for operational and financial success. The company's actions in developing ESG are based on the values expressed by informant 1, “The Company's Values are implemented with the same Akhlak as other BUMNs” (Informant 1). Furthermore, informant 6 said that, “We implement equality, diversity, and equity. We do not specify it because basically female and male employees have the same job responsibilities. What differentiates them is their respective duties and functions” (informant 6).

The company has a work culture that is a component of the ESG concept's integration into the work environment. This includes the company's efforts to address various issues that arise within the company through company culture and the establishment of agents who are responsible for evaluating the work environment, including operational and DEI-related issues. “So actually, when we delivered Akhlak, the terminology of ‘agent of change’ had already emerged. So maybe the expectation is that morals can be socialized and can be adapted as much as possible. What we are currently trying to enlarge is not only about morals but also the company's own culture” (informant 5). Furthermore, informant 5 also added, regarding employee quality development, it is not only through technical development forums but also through non-technical development, such as in the Srikandi and Muda communities. “Yes, getting them special programs helps to expand both personally and professionally. Because occasionally people are unaware that not everyone aspires for a career alone to ensure continuous development.” (informant 5).

The company has demonstrated its commitment to environmental and societal responsibility through various activities. Various activities have a material impact, particularly on the company's efforts to enhance the quality of its personnel. This impact is not only social but also affects operations.

Social Materiality Perspectives

The implementation of social performance within the framework of ESG demonstrates the

company's materiality. The preceding perspectives, outside-in and inside-out, exhibit disparities in applying ESG implementation guidelines. This pertains to the principle of double materiality, frequently employed as a framework for sustainability reporting [15]. This section will examine how corporations implement their social conceptions, precisely the principle of materiality, which is categorized into two aspects: outside-in impact (external forces affecting the company) and inside-out impact (internal variables within the company) [7].

Table 2. Materiality Perspectives

Category	Outside – In	Inside – Out
Features of purpose	Customers' needs, investor direction, or regulatory requirements	Human capital, resource optimization, community engagement
Leadership	Adapting to the external environment impacts the company's development, performance, and position.	Understanding the company's impact on its activities
Organizational Implication	Service quality, physical risk, reputation risk	DEI issues, employee strength and capabilities, public welfare
Audience	Investors, regulations, employee	Civil society, employee, investors

The outside-in perspective significantly enhances the study's findings. Initially, in the Features of Purpose, the company places significant emphasis on factors that govern its operational activities or service provisions, including customer needs, investor guidance, and regulatory requirements. The outside-in perspective, termed financial materiality in their research, primarily concerns the interests of investors [15]. In this company, investors typically indicate stockholders who are also the Indonesian government, namely the Ministry of State-Owned Enterprises. This approach underscores the existence of material and financial metrics, wherein the measurement process involves monitoring, evaluation, and assessment of investments, aligned with the outside-in perspective that pertains to corporate accountability [29]. Additionally, the company must adapt its leadership approach to better align with external factors affecting the organization. The company's service sector, operating within Indonesian airspace, closely correlates with external conditions. The company's role as a servant

of customers and the community, along with its adherence to regulations, contributes to the issue of financial materiality. This misalignment between regulatory pressures, the company's performance, and community norms partially contributes to the issue mentioned in reference [21]. Several sources also expressed that the company is highly adaptable to regulatory and consumer pressures. Ultimately, the company's responsibility to guarantee service has organizational implications. Through this guarantee, the company endeavors to mitigate potential risks, including reputational and physical ones. Financial implications are closely associated with both hazards [4]; [25]. The findings indicate that the company is at risk of disruptions to flying object services in the airspace and the quality of its employees, who frequently generate complaints. Therefore, the outside-in perspective significantly influences the company's management. This perspective not only generates company profits but also helps companies reduce the risks they face, particularly in the form of expenditure. The operational security of the company's service sector urgently needs attention to ensure that this perspective remains a measurable and inherent reference, guided by standards and directives from shareholders.

In the inside-out perspectives, it is intriguing to explore methods to enhance company operations. Initially, in the Features of Purpose, the company aims to prioritize the welfare of its stakeholders, including employees, communities, and society at large. The inside-out perspective, termed impact materiality, as the influence exerted on the environment and society [15]. The organization, after that, underscores this through human capital, resource optimization, and community participation. The company aims to utilize its resources by enhancing employee and local community capacity to improve its sustainability performance [20]. Moreover, the leadership dimension of the company emphasizes the organization's awareness of the effects of its operations on both personnel and society. Previous findings assert that this method fosters engagement among various stakeholders to achieve the company's intended impact through explorations to generate value for the organization [27]. Based on the findings in inside-out perspectives, the company executed several best practice initiatives that provide significant social benefits [2]. The company prioritizes internal and external issues in the organizational implications dimension, specifically DEI concerns, employee strengths and capabilities, and public welfare. The organization aims to highlight attention to topics such as diversity, equality, and inclusivity by executing various programs designed to enhance the

capabilities of employees and the community. Moreover, enhanced public welfare represents an internal change initiative within the organization to augment collective values related to social dimensions in ESG [26]. The inside-out perspective highlights how companies develop their activities for the environment and society, where this balances the implementation of ESG aspects that effectively strengthen the company's internal to create long-term company value. However, unlike the outside-in perspective, this perspective does not specifically emphasize the company's needs.

CONCLUSION

The research findings indicate that the assessment of the social dimension of the Indonesian Air Navigation Company is bifurcated into two perspectives: the research findings themselves and the factors for presenting the ESG report. From the standpoint of the company's outside-in perspectives, several factors affect the execution of the social concept inside the ESG framework, including regulation, company KPIs, company risk, and employee quality. Multiple facets consistently characterize the company's social dimension, particularly with the services rendered. From the standpoint of outside-in perspectives, the quality of the company's compliance reflects its accountability to consumers and its commitment to fulfilling its functions to maximize contributions to the nation. Secondly, from the viewpoint of inside-out perspectives concerning prevalent social issues such as Diversity, Equity, and Inclusion (DEI), employee strengths and capabilities, and public welfare, the community anticipates that the company will engage in social activities. This part also addresses the development of employee potential to attain maximum capacity, independent of the company's operational considerations.

The findings above reflect how the company's process in implementing its social activities through consideration of ESG standards in the company. In this case, the company does not specifically use POJK No. 51/POJK.03/2017 standard or the GRI Index. However, in terms of materiality, the company has generally implemented the contents of the applicable standards. However, there is an important part that is a finding of the materiality of ESG implementation in the company, which is divided into two perspectives, namely outside-in and inside-out. The outside-in perspective is generally more focused on the company's needs. Through this finding, the outside-in perspective is described regarding how external impacts greatly affect the company, such as customer needs, investor direction, and regulatory compliance. This perspective significantly impacts the company because of its

involvement in air navigation services and its ownership structure. So, with this approach, the ESG reporting process can be materially more relevant, providing the best response to the company's challenges. This perspective also shows that the company has a stronger correlation to the POJK No. 51/POJK.03/2017 standard where the company has a high attention to investor views and risks related to the company's finances. Meanwhile, the findings from the inside-out perspective are illustrated in relation to how the company strives to fulfill the welfare of its stakeholders, including employees, local communities, and communities. This perspective is materially reflected in the company's efforts in implementing parts of the ESG standards. Although the company is not focused on positioning this aspect as a priority, the benefits received can encourage the company to optimize operational activities and maximize company resources.

There are recommendations for further research, including exploring how outside-in and inside-out approaches can benefit different areas. In addition, data collection techniques can be explored more widely by considering more related to the needs of external roles for companies both in the same sector or other specific sectors. However, researchers might develop future research in compliance with company laws and ESG's standards. Some of the aforementioned recommendations can help address the limitations of this study, which focuses on analyzing current concerns related to the company's internal management

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