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Reconfiguring Environmental Performance Governance Beyond Disclosure: A Framework for Emerging Economies

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Abstract

This study proposes the Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework as a gap from existing studies paying insufficient attention to the governance mechanisms through which disclosure. The Framework explains how global reporting regimes interact with national regulatory contexts and organizational governance structures to enable the integration of environmental performance into strategic and operational decision-making. This study synthesizes global sustainability reporting standards, governance and development literature, and national policy contexts, with Indonesia employed as an illustrative application of typical emerging-economy conditions. The framework explicitly specifies key governance parameters—including decision-level entry points, authority coupling, incentive and accountability linkages, and institutional mediation—that condition whether sustainability disclosure becomes decision-relevant or remains symbolically decoupled from performance. The framework identifies key governance pathways and baseline integration conditions necessary for translating disclosure into performance-oriented outcomes.

Keywords: Emerging Economies, Environmental Performance Integration, Global Reporting Initiative, Sustainability Governance.

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INTRODUCTION

Environmental sustainability has become an increasingly central concern in contemporary development debates, particularly as emerging economies pursue economic growth under mounting ecological constraints. Corporate activities play a decisive role in shaping environmental outcomes, as investment choices, production strategies, and resource allocation patterns directly influence emissions, resource depletion, and ecological degradation.

In response, global governance initiatives have promoted sustainability disclosure as a key instrument to enhance transparency and accountability in corporate behavior. However, despite the rapid diffusion of sustainability disclosure practices worldwide, environmental performance remains weakly integrated into corporate economic decision-making, especially in emerging economies (Christensen et al., 2021; Hahn & Kühnen, 2013; Scherer et al., 2009).

Over the past decade, sustainability reporting has shifted from a voluntary, marginal practice to a mainstream expectation embedded within global markets and investment regimes. The Global Reporting Initiative (GRI), in particular, has emerged as the most widely adopted sustainability reporting framework, shaping how corporations communicate environmental impacts to investors, regulators, and civil society.

The underlying assumption of such frameworks is that increased transparency will discipline corporate behavior through reputational mechanisms, market pressures, and regulatory scrutiny. However, a growing body of empirical research challenges this assumption, demonstrating that disclosure does not necessarily lead to substantive changes in environmental performance or strategic decision-making (Cho et al., 2015; Dienes et al., 2016; Michelon et al., 2015).

A recurrent theme in the literature is symbolic adoption, in which firms formally comply with sustainability reporting requirements while maintaining business-as-usual practices. Drawing on institutional theory, scholars describe this condition as decoupling, in which formal structures and disclosures are loosely connected to core organizational activities (Bromley & Powell, 2012).

Recent studies indicate that such decoupling is particularly pronounced in sustainability and ESG reporting, where disclosure often serves as a legitimacy-seeking device rather than a catalyst for organizational change (Boiral et al., 2019; Trong Tuan, 2012). As a result, sustainability reports frequently function as communicative artefacts, detached from the strategic and operational decisions that shape environmental outcomes.

From a development perspective, the persistence of this disclosure–performance gap constitutes a governance problem rather than a mere reporting deficiency. Environmental degradation in emerging economies is deeply intertwined with long-term development challenges, including declining productivity, vulnerability to climate risks, and social inequality.

When environmental considerations are not systematically integrated into corporate investment and operational decisions, sustainability risks remain externalized, undermining development objectives and economic resilience (UNEP, 2021; World Bank, 2022). Addressing this gap, therefore, requires moving beyond questions of disclosure quality toward an examination of how sustainability information is governed, interpreted, and mobilized within decision-making processes. Despite the expanding literature on sustainability reporting, much existing research remains oriented toward identifying the determinants, scope, and quality of disclosure.

While these studies provide important insights, they often assume a linear relationship between transparency and performance, under-theorizing the institutional and political mechanisms that mediate the use of disclosed information (Diouf & Boiral, 2017). As a consequence, the literature offers limited explanations for why sustainability disclosure frequently fails to alter corporate behavior, particularly in contexts characterized by weak enforcement, fragmented markets, and institutional heterogeneity.

Governance-oriented scholarship has begun to challenge these assumptions by emphasizing the role of institutional arrangements, power relations, and decision-making structures in shaping sustainability outcomes. From this perspective, sustainability reporting frameworks operate not merely as informational tools but as components of broader governance architectures that interact with national regulatory systems and organizational hierarchies (Ansari et al., 2013; Scherer et al., 2023).

However, these insights remain dispersed across disciplines, and few studies have systematically articulated how global reporting regimes can be reconfigured to support the integration of environmental performance into corporate economic decision-making. This conceptual gap is particularly evident in research on emerging economies, where multi-layer governance dynamics are frequently acknowledged but insufficiently theorized. The Global Reporting Initiative occupies a distinctive position within this governance landscape. As a transnational, non-state regime, GRI exercises influence through normative standard-setting rather than formal legal authority.

Its effectiveness, therefore, depends on how its principles are mediated through national regulatory frameworks and internalized within organizational governance structures. In emerging economies, this mediation process is shaped by institutional constraints, regulatory hybridity, and uneven market incentives, which can weaken the translation of disclosure into performance-oriented action (Alkaraan et al., 2022; Kaufmann et al., 2011). Understanding these interactions is essential for assessing the developmental relevance of sustainability reporting regimes.

Indonesia provides a particularly relevant analytical context for examining these dynamics. As an emerging economy rapidly integrating into global markets, Indonesia has experienced notable expansion in sustainability disclosure practices, while persistently facing challenges in aligning environmental objectives with corporate investment decisions.

Rather than treating Indonesia as an exceptional case, this study employs it as an illustrative application of governance conditions commonly observed in emerging economies, including partial regulatory alignment, heterogeneous corporate practices, and evolving external pressures. This approach enables analytical insight without constraining the broader applicability of the proposed framework.

Against this backdrop, this study argues that sustainability reporting must be reconceptualized beyond disclosure to address the governance processes through which environmental performance is integrated into economic decision-making. Environmental Performance Integration (EPI) is understood here as the systematic incorporation of environmental considerations into strategic planning, investment evaluation, and operational management.

Achieving such integration requires more than information availability; it depends on governance arrangements that link environmental data to authority, incentives, and accountability mechanisms across multiple levels. Without these linkages, disclosure risks remain symbolically decoupled from performance.

Accordingly, advancing sustainability reporting research requires not only conceptualizing governance interactions but also specifying analytically tractable parameters through which environmental information enters decision-making processes, is coupled with authority and incentives, and acquires material relevance within organizational and regulatory governance structures (Christensen et al., 2021; Scherer et al., 2023).

This article responds to these challenges by developing the Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework. The framework conceptualizes sustainability reporting as a multi-layer governance process involving global norm-setting, national regulatory mediation, and organizational decision-making structures.

By identifying key governance pathways and baseline integration conditions, the framework explains how disclosure can be transformed into a mechanism for embedding environmental performance within corporate economic decisions. In doing so, it advances a governance-oriented understanding of sustainability reporting that is analytically robust and development-relevant. The purpose of this study is threefold. First, it seeks to bridge the disclosure–performance gap by reframing sustainability reporting as a governance challenge rather than a technical compliance exercise.

Second, it aims to provide a transferable analytical framework that captures the multi-actor and multi-layer dynamics shaping the integration of environmental performance in emerging economies. Third, by grounding the framework in an illustrative national context, the study offers practical insights for policymakers, regulators, and corporate governance actors seeking to align sustainability objectives with development priorities. Through these contributions, the article lays a conceptual foundation for future empirical research and policy-oriented applications.

RESEARCH METHODS

This study adopts a qualitative research design oriented toward conceptual framework development to examine how sustainability disclosure can be transformed into environmental performance integration within emerging-economy governance contexts. The research is grounded in an interpretive analytical approach, which is appropriate for addressing governance and institutional processes that shape the use of sustainability information in economic decision-making.

Rather than testing hypotheses or measuring firm-level outcomes, the study focuses on theorizing governance mechanisms through which global sustainability reporting regimes interact with national regulatory environments and organizational decision-making structures. The analytical unit of this study is therefore the governance process itself, understood as a multi-layer interaction between global norm-setting actors, national regulatory institutions, and organizational governance arrangements. This methodological orientation is consistent with qualitative theory-building approaches in governance and institutional research that emphasize explanation and analytical generalization for complex, multi-actor phenomena (Cornelissen, 2017; Eisenhardt, 2021).

The framework development is based on a systematic analysis of qualitative materials drawn from three primary sources. First, the study examines authoritative Global Reporting Initiative (GRI) Standards and related guidance documents to identify the normative logic, scope, and intended governance functions of sustainability disclosure.

These documents provide the foundational reference for understanding how environmental information is structured and expected to influence accountability and performance. Second, the study synthesizes peer-reviewed academic literature from Scopus-indexed journals in sustainability governance, institutional theory, development studies, and corporate governance.

This literature is used to identify established findings on disclosure–performance decoupling, governance mediation, and environmental decision-making, which inform the analytical dimensions of the proposed framework.

Third, national policy and regulatory documents from Indonesia are incorporated as contextual materials to illustrate how global reporting norms are mediated within an emerging-economy setting characterized by partial regulatory alignment and heterogeneous corporate practices. Indonesia is employed as an illustrative application rather than a representative or comparative case, allowing analytical insight without constraining the framework's broader applicability.

The analytical procedure followed a structured and replicable sequence. Initially, key governance functions embedded within the GRI reporting regime were identified through close reading and thematic coding of reporting standards and guidance documents, with particular attention to their implicit assumptions regarding decision-making and performance improvement.

Subsequently, insights from governance and institutional literature were integrated to map how sustainability information is mediated across governance layers, focusing on mechanisms such as authority allocation, incentive structures, and accountability arrangements that condition whether disclosure influences strategic and operational decisions.

These insights were iteratively synthesized to construct a coherent analytical structure that links global reporting norms, national regulatory contexts, and organizational governance processes. Through this iterative process, key governance pathways and baseline integration conditions were identified and organized into the Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework.

This analytical procedure was oriented explicitly toward specifying governance parameters that are analytically transferable, rather than generating context-bound empirical indicators, thereby aligning the framework with qualitative theory-building approaches in sustainability governance (Cornelissen, 2017; Eisenhardt, 2021).

Data analysis was conducted using qualitative thematic synthesis, emphasizing interpretive coherence rather than frequency-based coding. Themes identified across reporting standards, academic literature, and policy documents were grouped into higher-order analytical categories corresponding to governance layers and integration mechanisms.

Analytical rigor was enhanced through cross-source triangulation, in which convergence among global standards, scholarly findings, and national policy contexts was taken as indicative of robust governance patterns. At the same time, divergence informed the identification of contextual constraints and boundary conditions. All materials analyzed in this study are publicly accessible, enabling transparency and facilitating replication of the analytical process.

The nature of the research problem justifies a qualitative, framework-oriented methodological approach. The persistent gap between sustainability disclosure and environmental performance represents a governance challenge that cannot be adequately captured through quantitative indicators alone. Understanding how sustainability information is used, interpreted, and embedded in decision-making processes requires attention to institutional arrangements and governance dynamics, which are best examined through qualitative analysis.

By articulating governance pathways and baseline conditions for integrating environmental performance, the proposed framework provides a transferable analytical foundation for future empirical research, comparative studies, and policy evaluation, while remaining relevant to development-oriented sustainability governance in emerging economies. Accordingly, the framework does not claim universal applicability across all institutional contexts; instead, it offers analytical generalization for understanding the governance conditions under which environmental performance integration is more or less likely to occur.

RESULTS AND DISCUSSION

The results of this study are articulated through the development of an analytical governance framework rather than through statistical estimation or empirical measurement. This approach reflects the nature of the research problem, which concerns the institutional and organizational mechanisms through which sustainability disclosure is translated into environmental performance outcomes.

Building on the conceptual gap identified earlier, the analysis advances a structured explanation of how sustainability reporting operates within multi-layer governance arrangements in emerging economies. The findings, therefore, take the form of a governance architecture that integrates global norm-setting, national regulatory mediation, and organizational decision-making processes.

The central analytical outcome of this study is the Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework. The framework is not intended as a technical reporting model or a prescriptive compliance tool, but as an explanatory structure that clarifies the conditions under which sustainability disclosure can influence environmental performance.

It directly addresses the persistent discrepancy between widespread sustainability reporting and limited improvements in environmental outcomes observed across many emerging economies. By conceptualizing sustainability reporting as a governance mechanism rather than a transparency instrument alone, the framework reorients analytical attention toward institutional interactions that condition the integration of performance.

To move beyond high-level abstraction, the GRI–EPI Framework specifies a set of governance parameters for analytically examining the integration of environmental performance across contexts. First, integration depends on the decision locus at which environmental information enters economic governance, distinguishing between disclosure confined to reporting outputs and information embedded within strategic planning, capital budgeting, and risk management processes.

Second, authority coupling determines whether actors responsible for core economic decisions are institutionally required to consider environmental performance, rather than treating sustainability information as advisory or peripheral. Third, incentive and accountability linkages condition whether environmental performance carries material consequences, such as effects on access to finance, regulatory treatment, or managerial evaluation.

Fourth, institutional mediation capacity shapes how global reporting standards are translated into national regulatory frameworks and development planning processes. Together, these parameters differentiate symbolic disclosure from substantive environmental performance integration by identifying where, how, and under what governance conditions sustainability information becomes decision-relevant (Scherer et al., 2012; Wijen & Flowers, 2023).

Figure 1 presents the GRI–EPI Framework and should be interpreted as a multi-layer governance configuration. The framework is structured vertically to distinguish three analytically separable yet interdependent layers: global sustainability reporting regimes, national regulatory and development contexts, and organizational governance and decision-making structures.

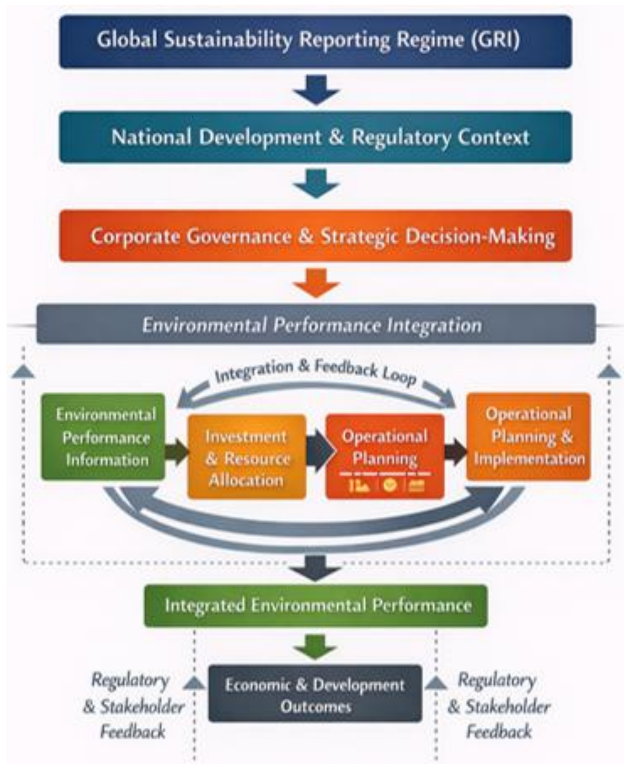

Figure 1. The Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework
Source: Data processed, 2026

The vertical arrangement reflects the directional diffusion of norms, performance categories, and informational expectations from transnational reporting regimes into domestic and organizational arenas. Importantly, the framework does not assume linear causality. Instead, it highlights relational governance dynamics in which environmental information may be reinforced, filtered, or neutralized as it moves across institutional layers.

Within contemporary development governance, the relevance of sustainability disclosure is increasingly framed through the Sustainable Development Goals (SDGs), particularly SDG 12 on responsible consumption and production, and SDG 13 on climate action, which explicitly link environmental performance to economic planning and policy coordination.

In emerging economies, these global commitments are commonly mediated through national development planning instruments, where sustainability indicators are expected to inform sectoral priorities, public investment decisions, and regulatory incentives. International development actors such as the United Nations Development Programme (UNDP) play a key intermediary role in translating global sustainability frameworks into national governance practices by aligning reporting standards, policy capacity-building, and development financing mechanisms.

This institutional configuration underscores that sustainability reporting regimes acquire governance significance not at the point of disclosure itself, but through their incorporation into development-oriented regulatory and planning processes (Bogers et al., 2022; UNDP, 2023).

At the global level, the framework conceptualizes sustainability reporting regimes—most notably the Global Reporting Initiative—as transnational governance arrangements that operate through norm-setting and standardization rather than coercive authority. These regimes define the categories, indicators, and disclosure logics through which environmental performance is rendered legible to investors, regulators, and civil society.

Recent scholarship emphasizes that such regimes exercise influence primarily by shaping cognitive frames and evaluative expectations rather than by enforcing behavioral change (Rasche & Gilbert, 2015). Within this framework, this global layer serves as the initial point at which environmental information is standardized and communicated, but not yet integrated into economic decision-making.

The analysis indicates that the governance effects of global sustainability disclosure remain structurally constrained in the absence of mediating institutions. While disclosure enhances visibility and comparability, it does not, in itself, confer decision-making authority or generate material incentives.

Empirical research demonstrates that firms may comply with global reporting standards to secure legitimacy or manage reputational exposure while continuing to engage in environmentally detrimental practices (Larrinaga & Bebbington, 2021). This pattern reflects the soft-law nature of most sustainability reporting regimes and underscores the limits of disclosure-centric governance approaches.

The GRI–EPI Framework, therefore, treats global sustainability reporting as a necessary but insufficient condition for integrating environmental performance. Disclosure becomes consequential only when embedded within institutional arrangements that link information to regulatory incentives, resource allocation, and accountability mechanisms.

This analytical shift challenges prevailing assumptions in the sustainability literature that equate transparency with performance improvement. Instead, the framework emphasizes that the governance context within which disclosure operates is decisive in shaping outcomes.

The national governance layer serves as the primary mediating arena within the framework. National regulatory systems, development strategies, and market institutions determine whether sustainability information acquires relevance within corporate decision-making.

Table 1. Governance Pathways for Environmental Performance Integration

Governance Dimension	Symbolic Disclosure Pathway	Environmental Performance Integration Pathway
Function of GRI	Legitimacy signaling	Decision-relevant environmental information
Role of the State	Weak enforcement, fragmented policy	Regulatory alignment and performance incentives
Organizational Location	Isolated reporting or CSR units	Embedded in strategic and financial governance
Decision-Level Visibility	Peripheral to core decisions	Central to investment and planning decisions
Resource Allocation	No material consequences	Direct influence on capital allocation
Accountability Mechanisms	Limited monitoring and feedback	Integrated evaluation and learning processes
Expected Outcome	Disclosure without performance	Sustained environmental performance integration

Source: Data processed, 2025

This mediation occurs through regulatory alignment, enforcement capacity, fiscal and financial incentives, and the integration of environmental objectives into development planning. In emerging economies, these processes are frequently characterized by institutional hybridity, where sustainability regulations coexist with growth-oriented policy priorities and uneven administrative capacity (Perego et al., 2016).

Within such contexts, sustainability disclosure may be formally institutionalized while remaining weakly connected to economic decision-making. The framework explains this outcome by highlighting the absence of binding linkages between environmental metrics and material consequences. Where environmental indicators are not incorporated into investment appraisal criteria, credit allocation, or industrial policy instruments, disclosure remains informational rather than operative. Comparative studies of emerging economies show that this governance configuration is widespread, contributing to persistent performance gaps despite increasing reporting requirements (Fu et al., 2021).

Indonesia is incorporated into the framework as an illustrative context for emerging economies rather than as an empirical case study. The expansion of sustainability reporting obligations has increased the formal visibility of environmental issues in corporate disclosures. However, environmental performance integration remains uneven, reflecting the limited incorporation of sustainability metrics into regulatory incentives and development governance. By situating Indonesia within the national mediation layer, the framework captures governance challenges that are broadly characteristic of emerging economies, thereby supporting analytical generalization.

At the organizational level, the framework identifies corporate governance and internal decision-making structures as the locus where environmental performance integration is ultimately realized or obstructed. Sustainability information generated through reporting must be incorporated into strategic planning, capital budgeting, risk management, and performance evaluation processes to influence outcomes.

The framework emphasizes that integration depends on whether environmental considerations are embedded within authority structures and incentive systems that shape managerial behavior. Organizational research demonstrates that sustainability initiatives are most effective when environmental metrics are incorporated into core governance mechanisms rather than isolated within compliance or reporting units (Gond et al., 2017).

The framework clarifies why extensive sustainability disclosure frequently coexists with limited changes in organizational behavior. When environmental information is compartmentalized and decoupled from economic decision-making, disclosure functions primarily as an external communication mechanism.

This decoupling is reinforced by dominant financial logics and performance evaluation systems that prioritize short-term economic returns. In such circumstances, sustainability reporting may obscure governance deficiencies by creating an appearance of responsibility without altering underlying decision processes.

A key analytical contribution of the GRI–EPI Framework lies in its identification of governance pathways, as specified through analytically transferable governance parameters, that differentiate symbolic disclosure from substantive integration. Symbolic pathways are characterized by weak national mediation, limited managerial accountability, and the absence of links between environmental metrics and resource allocation.

Integration pathways, by contrast, emerge when sustainability information is systematically embedded within decision-making forums, budgetary processes, and accountability structures across governance layers. To clarify these mechanisms, Table 1 summarizes the contrasting governance pathways and baseline conditions associated with symbolic disclosure and environmental performance integration.

Table 1 distinguishes governance configurations in which sustainability reporting remains symbolic from those in which it supports performance integration. While Figure 1 illustrates the overall governance architecture, the table specifies functional conditions that enable or constrain integration. These conditions include decision-level visibility of environmental metrics, alignment with resource allocation mechanisms, and the presence of accountability systems that connect environmental outcomes to managerial evaluation. The table is intended as an analytical aid rather than a prescriptive checklist, facilitating diagnosis across different institutional contexts.

The specification of baseline integration conditions constitutes a central theoretical contribution of the framework. Environmental performance integration requires, at a minimum, the institutionalization of environmental indicators within decision-making arenas, their linkage to material resource allocation, and the operation of accountability mechanisms that enable learning and adaptation. These conditions are derived from observed governance patterns rather than normative assumptions and help explain persistent performance gaps in contexts characterized by extensive disclosure (Pacheco et al., 2010).

From a theoretical perspective, the framework advances sustainability governance scholarship by shifting analytical focus from disclosure quality to governance capacity. It aligns with emerging critiques of disclosure-based regulation that emphasize the political and institutional dimensions of sustainability challenges (Wijen et al., 2012). By conceptualizing sustainability reporting as a governance intervention embedded within power relations and institutional structures, the framework offers a more robust explanation of environmental performance outcomes.

From a development perspective, the analysis underscores that environmental performance integration is inseparable from broader questions of economic governance. In emerging economies, sustainability outcomes depend on the alignment of environmental objectives with development priorities, investment strategies, and regulatory capacity.

The GRI–EPI Framework, therefore, provides a basis for analyzing sustainability challenges as systemic governance problems rather than as isolated corporate failures, supporting calls to integrate sustainability governance into development policy analysis (Martin et al., 2020).

Overall, this section demonstrate that the gap between sustainability disclosure and environmental performance is best understood as a governance problem rather than a reporting deficiency. By reconfiguring sustainability reporting beyond disclosure, the GRI–EPI Framework provides an analytically grounded explanation of how environmental information is produced, mediated, and mobilized across governance layers. This perspective strengthens the explanatory power of sustainability research and establishes a foundation for future empirical and comparative studies on environmental performance integration in emerging economies.

Beyond explaining why sustainability disclosure frequently fails to produce substantive environmental outcomes, the GRI–EPI Framework also enables a more precise identification of where governance breakdowns occur within sustainability systems. Rather than treating environmental underperformance as the result of weak corporate commitment or insufficient technical capacity, the framework demonstrates that such outcomes often reflect misalignments between information flows and decision-making authority.

Environmental data may be generated, verified, and disclosed in accordance with global standards, yet remain analytically peripheral if governance arrangements do not grant such data material relevance in strategic and operational choices. This insight shifts explanatory responsibility away from individual firms toward the institutional configurations that structure corporate behavior.

A critical implication of this perspective is that sustainability reporting should be analyzed not only as an informational practice but as a political process embedded in power relations. Decisions regarding which environmental indicators are prioritized, how performance is evaluated, and whose interests are reflected in reporting frameworks are inherently political. Recent governance scholarship emphasizes that sustainability standards often reflect negotiated compromises among actors with unequal power, including corporations, investors, regulators, and civil society organizations (Rasche et al., 2023).

The GRI–EPI Framework incorporates this insight by recognizing that disclosure regimes shape, and are shaped by, struggles over authority and legitimacy within sustainability governance. From this perspective, sustainability reporting functions as a site of governance contestation, in which authority over environmental priorities, resource allocation, and development trajectories is continuously negotiated across governance layers.

Within organizations, these power dynamics are most visible in the translation of environmental information into managerial priorities. Environmental metrics may be formally acknowledged but remain subordinate to financial indicators when strategic decisions are made. This subordination reflects dominant economic logics that privilege short-term financial performance over long-term environmental considerations.

The framework highlights that environmental performance integration requires not only the availability of information but also the institutionalization of alternative evaluative criteria within decision-making processes. Without such institutionalization, sustainability disclosure risks reinforcing existing power asymmetries rather than challenging them.

Taken together, these findings indicate that the limitations of sustainability reporting reforms do not primarily stem from informational shortcomings, but from the governance arrangements that condition how disclosed information is mobilized within decision-making processes. Once this distinction is recognized, analytical attention can shift away from the quality of disclosure itself toward the institutional pathways through which environmental information gains—or fails to gain—material relevance in strategic and operational decisions. This conclusion aligns with recent critiques of ESG reform initiatives that caution against overreliance on disclosure-based regulation in the absence of governance integration.

The national mediation layer further reinforces the political character of environmental performance integration. In emerging economies, regulatory authorities often face competing pressures to promote economic growth, attract investment, and address environmental degradation. These competing priorities shape how sustainability disclosure requirements are designed and enforced.

The framework shows that when regulatory systems prioritize flexibility and investment friendliness over enforcement and accountability, sustainability disclosure may primarily serve as a symbolic gesture. Environmental performance integration becomes feasible only when regulatory incentives and development policies align sustainability objectives with economic governance.

The Indonesian illustration discussed earlier exemplifies these dynamics. Regulatory initiatives have expanded sustainability reporting obligations, yet environmental performance remains uneven across sectors. The framework suggests that this outcome reflects the limited integration of environmental metrics into financial regulation, public procurement, and industrial policy. Similar governance configurations have been documented in other emerging economies, indicating that the challenges identified are not country-specific but structurally embedded in development governance arrangements. By treating Indonesia as illustrative rather than exceptional, the framework maintains analytical generality while remaining empirically grounded.

The analytical value of the GRI–EPI Framework extends to its capacity to accommodate temporal dynamics. Environmental performance integration is not a static achievement but an ongoing process shaped by feedback, learning, and institutional adaptation.

The framework's implicit feedback loops acknowledge that organizational responses to sustainability disclosure can, over time, influence regulatory expectations and normative standards. This dynamic perspective aligns with research on sustainability transitions and adaptive governance, which emphasizes that governance arrangements evolve in response to environmental and economic pressures (Meadowcroft, 2009).

From a comparative perspective, the framework provides a basis for systematic analysis across emerging economies. Rather than comparing countries based on institutional forms or regulatory sophistication, the framework focuses on functional governance conditions.

This functional approach enables comparison across diverse contexts by examining whether sustainability information is connected to decision-making authority, resource allocation, and accountability mechanisms. Such an approach is particularly valuable in development research, where institutional heterogeneity complicates cross-national comparison (Alvarez et al., 2015).

The integration of Table 1 within the analytical narrative further enhances the framework's explanatory clarity. While Figure 1 depicts the overall governance architecture, Table 1 disaggregates the specific mechanisms through which governance arrangements shape outcomes.

By contrasting symbolic disclosure pathways with environmental performance integration pathways, the table highlights how differences in governance configurations yield divergent outcomes even under similar reporting regimes. This distinction is analytically significant because it explains variation without resorting to assumptions about managerial intent or cultural predispositions.

The governance pathways summarized in Table 1 also have important implications for policy design. Policy interventions should focus less on expanding reporting requirements and more on strengthening the institutional linkages that enable disclosure to influence decision-making.

For example, integrating environmental metrics into credit allocation criteria, public investment appraisal, or executive remuneration frameworks may be more effective than introducing additional reporting indicators. The framework thus redirects policy attention to governance leverage points that can support the integration of environmental performance.

From a theoretical standpoint, the extended discussion reinforces the GRI–EPI Framework's contribution to the sustainability governance literature. By conceptualizing sustainability reporting as a governance intervention rather than a transparency instrument, the framework challenges dominant paradigms that equate information disclosure with accountability. It aligns with emerging scholarship that emphasizes the limits of informational governance and calls for greater attention to institutional capacity and power relations. In doing so, the framework contributes to a broader reorientation of sustainability research toward governance effectiveness.

The framework also advances development studies by highlighting the interdependence of environmental performance and economic governance. In emerging economies, sustainability outcomes are inseparable from development strategies that shape investment priorities, industrial structure, and regulatory capacity.

The GRI–EPI Framework provides an analytical lens for examining how environmental objectives are integrated—or marginalized—within development governance systems. This perspective supports calls for more integrated approaches to sustainability and development that move beyond sectoral silos.

Finally, the extended analysis underscores the applicability of the framework for future empirical research. By specifying governance pathways and baseline conditions, the GRI–EPI Framework generates analytically testable propositions regarding the relationship between disclosure and performance.

Researchers can operationalize the framework in quantitative studies, comparative analyses, or mixed-methods designs to examine how variations in governance configuration affect environmental outcomes. In this sense, the framework serves not only as an explanatory tool but also as a foundation for the development of cumulative knowledge.

Taken together, the extended Results and Discussion reinforce the central claim of this study: that the persistent gap between sustainability disclosure and environmental performance in emerging economies is best understood as a governance problem rather than a reporting failure. The GRI–EPI Framework provides a systematic explanation of how environmental information is produced, mediated, and mobilized across governance layers, and why integration succeeds or fails under different institutional conditions.

By articulating these mechanisms with analytical precision, the framework enhances the theoretical and practical relevance of sustainability governance research. It thus provides a robust analytical basis for advancing future empirical inquiry, comparative governance research, and policy experimentation aimed at integrating environmental performance within development contexts.

CONCLUSION

This study demonstrates that the persistent gap between sustainability disclosure and environmental performance in emerging economies is fundamentally a governance problem rather than a technical reporting deficiency.

Drawing on a qualitative framework development approach, the article develops the Global Reporting Initiative–Environmental Performance Integration (GRI–EPI) Framework to explain how sustainability reporting can be reconfigured beyond disclosure through multi-layer governance interactions involving global reporting regimes, national regulatory and development contexts, and organizational decision-making structures.

The findings show that sustainability disclosure becomes consequential only when environmental information is institutionally embedded within authority structures, resource allocation processes, and accountability mechanisms that shape strategic and operational decisions.

By identifying governance pathways and baseline conditions that distinguish symbolic disclosure from substantive environmental performance integration, this study contributes a governance-oriented analytical framework that advances sustainability scholarship beyond transparency-centric explanations.

More specifically, the contribution of this study lies in the explicit specification of analytically transferable governance parameters that clarify where, how, and under what institutional conditions environmental performance information becomes integrated into economic decision-making processes, rather than remaining symbolically decoupled from practice.

The framework offers analytical generalization for understanding environmental performance integration across emerging-economy contexts while avoiding claims of universal applicability.

As such, the study contributes to science by reframing sustainability reporting as a governance intervention embedded in political, institutional, and developmental dynamics, and by providing a transferable conceptual foundation for future empirical research, comparative governance analysis, and policy-oriented experimentation aimed at integrating environmental performance into development-oriented economic decision-making.

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