Research Paper

Leadership Dynamics for Sustainable Entrepreneurship: Driving Innovation in Business Models

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Abstract

The integration of Environmental, Social, and Governance (ESG) principles has become increasingly critical for sustainable business practices, particularly in emerging markets like Indonesia. This study examined how leadership dynamics influenced the implementation of ESG practices among Indonesian business leaders by analyzing their motivations, challenges, and outcomes in fostering environmental stewardship, driving innovation, and aligning business operations with broader societal goals across various industries. The research employed a qualitative approach, utilizing focus group discussions (FGDs) with leaders from nine prominent companies spanning sectors such as environmental technology, manufacturing, retail, and agribusiness. Data collection included both primary data from FGDs and secondary data from company reports and industry analyses. A three-stage data analysis process was conducted: (1) a thematic analysis to identify leadership approaches and ESG strategies; (2) a comparative analysis to assess sector-specific challenges and solutions; and (3) data triangulation to validate findings across multiple sources. The findings highlight the critical role of transformational, strategic, and eco-leadership styles in driving ESG adoption. Despite industry-specific challenges, shared themes emerged regarding environmental stewardship, social responsibility, and ethical governance. The results underscore the strategic advantages and societal benefits of ESG integration, demonstrating that effective leadership is essential for achieving sustainable business growth and long-term success in Indonesia's emerging market context.

Keywords: *ESG; Sustainability; Indonesian Business Leaders; Corporate Governance*

INTRODUCTION

The integration of Environmental, Social, and Governance (ESG) principles has become an increasingly critical component of sustainable business practices globally, particularly in emerging markets like Indonesia (Putri & Bangun, 2023). This global trend in ESG integration has been particularly pronounced in emerging markets (Zhou et al., 2017), with studies demonstrating that ESG activities can significantly impact corporate financial performance and stakeholder relationships (Xie et al., 2019). As global attention shifts toward sustainability, Indonesian businesses are compelled to adopt ESG criteria to remain competitive and responsible in the eyes of both local and international stakeholders (Lubis & Rokhim, 2021). However, successful implementation of ESG practices is not just about policy adherence; it fundamentally depends on leadership dynamics within organizations. Research has shown that effective leadership for sustainability requires unique capabilities and approaches (Metcalf & Benn, 2013), particularly in navigating the complex relationships between environmental, social, and economic objectives (Strand, 2014).

Prioritization frameworks, such as the Analytic Hierarchy Process (AHP), offer valuable insights into addressing strategic challenges. Although this study does not directly apply AHP, its relevance in prioritizing leadership challenges, as noted by Setiawan et al. (2024), highlights the importance of structured decision-making for ESG integration. Similarly, Nugroho and Hermawan (2023) emphasized leadership capabilities in hybrid environments, where fostering team alignment and collaboration is critical for implementing ESG principles. Budiningsih et al. (2024) further emphasized the role of human capital development and continuous training in enhancing managerial professionalism. Additionally, Cahyono and Yudoko (2024) demonstrated how

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integrating Health, Safety, Security, and Environment (HSSE) frameworks with business sustainability aligns with ESG principles, emphasizing leadership commitment, risk mitigation, and resource optimization as key enablers for sustainable practices.

Indonesia presents a distinct case for exploring ESG integration because of its complex socioeconomic landscape. Historical studies on corporate responsibility in Indonesia have highlighted the complex interplay between business practices, regulatory frameworks and societal expectations (Waagstein, 2011; Rosser & Edwin, 2010). The country faces significant environmental challenges, such as deforestation and pollution, alongside pressing social issues, including inequality and labor rights concerns (Nareswari et al., 2023; Mitra & Anas, 2021). Governance challenges such as regulatory inconsistencies and corruption further complicate the effective adoption of ESG practices. Despite these challenges, the burgeoning Indonesian economy offers substantial opportunities for businesses that can successfully integrate ESG into their operations. Leadership that embodies principles of sustainable entrepreneurship—such as identified by Schaltegger and Wagner (2011)—can navigate these challenges by driving innovation and aligning business objectives with broader societal goals.

This study addresses two key research questions: (1) How do different leadership styles influence the adoption and implementation of ESG principles in Indonesian businesses? and (2) What challenges do business leaders face in implementing ESG practices, and how do these challenges affect corporate performance and sustainability goals in Indonesia? By exploring these questions, this study aims to provide a deeper understanding of the interplay between leadership dynamics and the successful integration of ESG practices into the Indonesian business context.

The objectives of this study are threefold. First, it aims to explore the current state of ESG implementation among leading Indonesian companies across various sectors, focusing on how leadership styles influence this process. Second, it seeks to identify the key drivers and barriers influencing ESG adoption in these companies, particularly through the lens of leadership frameworks that support sustainable entrepreneurship. Third, this paper evaluates the impact of ESG practices on corporate performance, considering both financial outcomes and stakeholder satisfaction, while highlighting the role of leadership in achieving these results.

This study illuminates the critical role of leadership in fostering sustainable entrepreneurship, emphasizing its capacity to align business performance with broader societal and environmental goals. By exploring how leadership drives the adoption of ESG practices, this study offers actionable insights for overcoming barriers, leveraging opportunities, and achieving long-term business success. Ultimately, the findings highlight the transformative potential of effective leadership in emerging markets.

LITERATURE REVIEW

Overview of ESG and Its Importance

Environmental, Social, and Governance (ESG) criteria have emerged as crucial benchmarks for evaluating companies' sustainability and ethical practices worldwide. These criteria provide a framework for assessing how businesses address environmental responsibilities, such as managing their carbon footprint, waste, and resource usage (Khamisu et al., 2024). Environmental considerations are becoming increasingly significant as global awareness of climate change and environmental degradation intensifies. Companies are now expected to act as stewards of the environment, not just complying with regulations but also proactively contributing to the global effort to mitigate environmental damage (Sheehan et al., 2024). This responsibility is not limited to operational practices; it extends to supply chain management, product lifecycle, and overall corporate strategy, where companies are urged to integrate environmental sustainability into their core operations.

Social criteria in ESG focus on a company's interactions with stakeholders, including employees, customers, suppliers, and the broader community (Aksoy et al., 2019). This aspect of ESG emphasizes the importance of social responsibility and highlights issues such as labor practices, diversity and inclusion, community engagement, and human rights (Li et al., 2021). Companies are increasingly judged on how they treat their workforce, their contributions to the communities in which they operate, and their efforts to ensure that their operations do not harm but rather contribute positively to society. The social dimension of ESG also involves a company's responsiveness to societal expectations, particularly in areas like consumer protection, employee welfare, and ethical sourcing, which are becoming non-negotiable in today's socially conscious marketplace.

The governance component of ESG pertains to the internal systems and processes that ensure that a company is managed ethically and in the best interest of all its stakeholders. Governance includes a company's leadership structure, executive compensation, board diversity, shareholder rights, and the transparency of its operations (Aksoy et al., 2019). Effective governance practices are essential for maintaining the trust of investors, regulators, and the public because they provide assurance that a company is managed with integrity and accountability. Governance also encompasses compliance with laws and regulations, risk management and the establishment of ethical standards that guide corporate behavior. As governance failures can lead to significant financial and reputational damage, companies increasingly expect to adopt robust governance frameworks that safeguard against unethical practices and ensure long-term sustainability.

ESG Practices in Emerging Markets

Emerging markets, including Indonesia, present unique challenges and opportunities to implement ESG practices. Unlike developed markets, in which the regulatory frameworks and institutional mechanisms supporting ESG integration are well-established, emerging markets often face significant obstacles. According to Aksoy et al. (2019), these challenges include regulatory gaps, economic constraints, and socio-political complexities, which can hinder the adoption and effectiveness of ESG practices. For instance, in many emerging markets, weak enforcement of environmental regulations, limited access to capital for sustainable investments, and sociocultural factors that prioritize short-term gains over long-term sustainability can create substantial barriers to ESG integration.

However, emerging markets also offer substantial opportunities for growth and development through sustainable practices (Tanaka, 2017). Companies that proactively engage in ESG practices in these regions can gain a competitive edge by differentiating themselves as responsible and forward-thinking businesses. Fernandez-Feijoo et al. (2014) highlighted the significant role of stakeholder pressure in enhancing the transparency and effectiveness of ESG reporting in emerging markets. Companies that align their strategies with ESG principles often benefit from enhanced reputation, better risk management, and increased investor confidence (Ioannou & Serafeim, 2017).

Moreover, the implementation of ESG practices in emerging markets can contribute to broader societal goals, such as poverty reduction, environmental conservation, and social equity. By adopting ESG principles, companies in these regions can play a critical role in driving sustainable development, creating jobs, improving living standards and protecting the environment. This can help to build more resilient economies and societies capable of withstanding global challenges such as climate change and economic downturns.

Challenges and Opportunities in Implementing ESG in Indonesia

Indonesia's rapid economic growth has brought significant environmental and social challenges, including deforestation, pollution, labor rights issues, and governance problems. The adoption of Environmental, Social, and Governance (ESG) practices in this context requires a strategic approach that balances economic development with sustainability goals (Vanguard, 2022). However, for business leaders, the implementation of ESG practices presents unique challenges that extend beyond typical business operations. These challenges include navigating regulatory gaps, overcoming economic constraints, and bridging the disconnect between ESG metrics and stakeholder concerns, particularly among customers who may not immediately perceive the relevance of these efforts (Aksoy et al., 2021; Peloza et al., 2012).

Leadership in this context is tested by the need to align long-term sustainability goals with short-term economic pressures. Transformational leadership, which relies on inspiring and motivating change, may struggle in environments where immediate financial returns are prioritized over long-term sustainability. Moreover, leaders must deal with the ambiguity and inconsistency in regulatory frameworks, which can hinder the implementation of consistent ESG practices across sectors. Strategic leadership must navigate these complexities, yet the most capable leaders may find their efforts undermined by external factors, such as corruption and economic volatility.

Additionally, the challenge of leading organizational change toward sustainability can be significant in a market where stakeholders—including employees, customers, and investors—may not yet fully value or understand the importance of ESG initiatives. Leaders are often required to play an educational role advocating for sustainability both internally and externally, which can be a daunting task when faced with resistance or indifference. The ability of leaders to foster a culture of sustainability within their organizations is therefore a critical determinant of successful ESG implementation.

This study examines how business leaders in Indonesia navigate these obstacles using qualitative data gathered from focus group discussions (FGDs) with leaders from nine prominent Indonesian companies. By focusing on these leaders' lived experiences, this study uncovers their strategies to overcome the leadership challenges associated with ESG implementation in a complex socioeconomic environment.

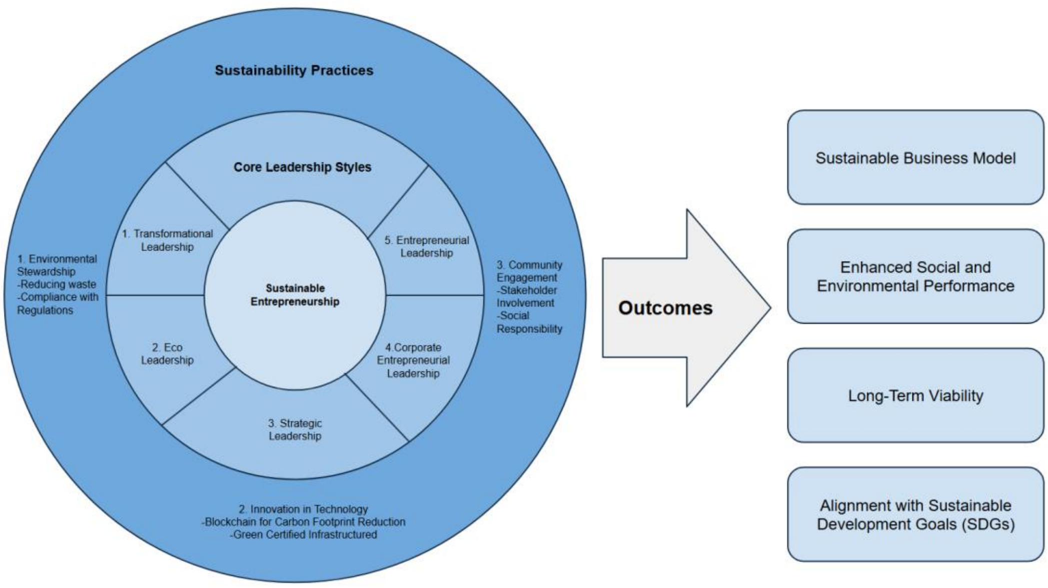

Figure 1. Research Framework

The research framework depicted in the figure illustrates the interplay between core leadership styles and sustainability practices in driving sustainable entrepreneurship. At the center of this framework, sustainable entrepreneurship is influenced by various leadership styles, including transformational, eco-, strategic, corporate entrepreneurial, and entrepreneurial leadership. These leadership styles guide the implementation of key sustainability practices, such as environmental stewardship, innovation in technology, and community engagement. The framework also highlights the outcomes of these integrated efforts, which include the development of sustainable business models, enhanced social and environmental performance, long-term viability, and alignment with Sustainable Development Goals (SDGs). This holistic approach underscores the critical role of leadership in achieving sustainable development within organizations.

RESEARCH METHOD

Research Design

This study adopts a qualitative research methodology that is suitable for investigating the role of leadership in promoting sustainable entrepreneurship across various industry sectors. Qualitative research, as defined by Creswell (2013), is an approach that allows researchers to explore and understand the meanings individuals or groups ascribe to social or human issues. Given the complex and context-dependent nature of leadership dynamics and sustainable innovation, qualitative methods are particularly appropriate for capturing the subtleties and underlying processes. The research employed focus group discussions (FGDs) as the primary data collection technique. Williams et al. (2020) noted that focus groups are effective for generating diverse perspectives and encouraging participants to engage in discussions that reveal shared experiences and viewpoints. FGDs enable this study to engage key stakeholders such as leaders, managers, and employees from sectors including Apparel & Fashion, E-commerce, Retail, Manufacturing, and Supply Chain Management, providing rich and nuanced insights into sector-specific leadership strategies. The exploratory nature of this research is supported by Casula and Shields (2021), who described exploratory research as particularly useful for investigating phenomena that are not yet clearly understood.

Data Collection

The data collection process combined primary data from focus group discussions (FGDs) with secondary data from company reports, industry analyses, and academic literature. This multi-source approach ensured a robust understanding of leadership dynamics and ESG practices in Indonesian businesses.

Primary Data

FGDs were the primary method for collecting qualitative data, engaging participants from leadership and managerial positions across sectors such as manufacturing, retail, agribusiness, and technology. Participants were selected using purposive sampling based on their roles, direct involvement in ESG initiatives, and industry representation. The FGDs were conducted in early 2024 over three sessions in Jakarta, Indonesia, a location chosen for its accessibility and relevance to business innovation. Each session lasted approximately two hours. The process of conducting FGDs followed the guidelines outlined by Williams et al. (2020), which emphasize the importance of fostering open dialog, using semistructured questions to encourage detailed responses, and moderating discussions to ensure balanced participation and focus. Discussions centered on leadership strategies, sector-specific challenges, and sustainability innovations.

Table 1. Companies for FGD

No.	Company Name	Sector	Description
1	Firm A	Environmental Technology and Carbon Credit Trading	Operates a blockchain-based platform issuing carbon options, allowing businesses to acquire carbon credits. Firm A's system facilitates affordable carbon credits and encourages practices that lower carbon footprints.
2	Firm B	Explosives Manufacturing and Defence Industry	Specializes in high-energy materials, providing integrated explosive services for general mining, construction, oil and gas, and defence sectors. Firm B's business lines include explosives manufacturing, drilling & blasting, and related services.
3	Firm C	Furniture Manufacturing and Sustainability	A sustainable furniture manufacturing company utilizing small wood waste, promoting energy efficiency, and sourcing materials locally. The company emphasizes ethical practices, employee welfare, and community engagement.
4	Firm D	Agribusiness and Food Production	A leading agribusiness company operating under a giant group, with operations spanning palm oil plantations, food production, and downstream refining. The company focuses on sustainability and corporate social responsibility.
5	Firm E	Pet Care Services and E-commerce	A one-stop platform for pet care, offering innovative services dedicated to ensuring the well-being and health of pets. The company focuses on pet-related e-commerce and has a strong online presence.
6	Firm F	Manufacturing and Infrastructure	A company specializing in manufacturing electrical poles, lighting poles, and steel structure fabrication. Firm F supports infrastructure development with advanced equipment and a commitment to quality and competitive pricing.
7	Firm G	Culinary and Food & Beverage	A culinary business specializing in chicken-based dishes. Known for its unique branding and strong online presence, Firm G offers a diverse menu for dine-in and delivery, gaining popularity among young families and students.
8	Firm H	Retail, Apparel, and Fashion	A retail fashion company specializing in women's clothing. The brand focuses on providing stylish yet affordable apparel, primarily through e-commerce channels, and has a growing customer base in Indonesia.
9	Firm I	Finance or Banking (Assumed from description)	Insufficient information provided, but likely operates in the financial or banking sector based on the available description.

Secondary Data

Secondary data included annual reports, sustainability reports, and financial statements from participating companies, such as Firm A (Environmental Technology), Firm D (Agribusiness), and Firm F (Manufacturing and Infrastructure). These reports provided insights into corporate strategies, ESG commitments, and the financial implications of sustainability practices. Industry analyses, including macroeconomic reports from the Bank of Indonesia and consultant studies from firms like McKinsey & Company, offer broader perspectives on ESG trends and sectoral challenges.

Academic literature provided theoretical grounding, with works like Ioannou and Serafeim (2017) and Wiltshire and Ronkainen (2021) informing the study's framework and methods.

Data Triangulation

Data triangulation was employed to validate the findings by cross-referencing the FGD insights with secondary data. Companies report contextualized individual perspectives, whereas industry analyses and academic literature ensure alignment with broader market trends and theoretical frameworks. This comprehensive approach enhanced the credibility and depth of the research.

Data Analysis

The data analysis process in this study was meticulously designed to uncover patterns, themes, and insights from the collected data, focusing on the integration of Environmental, Social, and Governance (ESG) principles among Indonesian business leaders. The analysis involved a combination of thematic analysis, comparative analysis, and data triangulation to ensure a comprehensive understanding of the subject matter.

Thematic Analysis

The primary method used for data analysis was thematic analysis, a qualitative research technique that involves identifying, analyzing, and reporting patterns (themes) within the data. The data analysis was conducted using thematic analysis method described by Wiltshire and Ronkainen (2021). Thematic analysis was particularly suitable for this study because it extracted themes related to leadership efficacy, sustainable business practices, and sector-specific innovation strategies. The process began with transcription of the focus group discussions (FGDs) and semistructured interviews, followed by systematic coding. Coding involved breaking the data into meaningful segments and assigning labels to these segments based on the content. These codes were then grouped into broader themes that reflected key aspects of ESG implementation, such as environmental stewardship, social responsibility, and governance practices.

Synthesis of the Findings

The final step in the data analysis process was the synthesis of the findings, in which the themes and patterns identified during the analysis were combined to form a coherent narrative. This synthesis involved drawing connections between the different themes, exploring how they interact, and identifying the implications for both theory and practice in the context of ESG integration. The synthesis highlighted key insights into the strategic advantages and societal benefits of ESG integration, as well as the challenges that companies face in implementing these practices. By synthesizing the findings, the study provides a clear and actionable set of recommendations for policymakers and business leaders aiming to enhance sustainability and corporate responsibility in Indonesia.

Ethical Considerations

The research adheres to strict ethical standards, with particular attention to informed consent, confidentiality, and anonymity. Millum and Bromwich (2021) champ and Childress (2001) defined informed consent as a process ensuring participants are fully aware of the study's purpose, procedures, and their rights, including the right to withdraw from the research at any stage. In this study, all participants are provided with detailed information about the research objectives and procedures prior to their participation, and their consent is obtained accordingly.

Results

The leadership dynamics within these companies reveal a strong commitment to environmental stewardship, as evidenced by their focus on reducing waste and ensuring compliance with environmental regulations, which are mentioned three times. Leaders also emphasized minimizing environmental impact, particularly in packaging and logistics, which were highlighted twice. Innovation plays a crucial role, with a strong focus on aligning operations with sustainability goals through technology (referenced four times. Adopting blockchain technology for carbon footprint reduction is another key strategy, noted three times. Additionally, building green-certified infrastructure and using renewable energy are central themes, each mentioned three times, reflecting the broader commitment to sustainability across business models. Moreover, leaders emphasize community engagement and environmental responsibility, with these aspects highlighted twice, underscoring their dedication to integrating sustainability into all facets of their operations.

Table 2. Leadership Quotations Reflecting Environmental Commitment and Sustainability Practices

Quotation	Phrase	Counts
"We are committed to reducing waste and ensuring compliance with environmental regulations..."	Reducing waste, compliance	3
"Our approach to packaging and logistics not only focuses on efficiency but also on minimizing impact"	Minimizing environmental impact	2
"We continuously innovate in technology to ensure our operations align with sustainability goals"	Innovate in technology, sustainability	4
"The blockchain innovation we adopted is a significant step forward in reducing our carbon footprint"	Blockchain innovation, carbon footprint	3
"Building green-certified infrastructure and harnessing renewable energy are part of our commitment"	Green-certified infrastructure, renewable energy	3
"Our commitment to sustainability is reflected in every aspect of our business model"	Commitment to sustainability	2
"Active engagement with local communities helps us mitigate negative environmental effects"	Community engagement, environmental effects	2
"We aim to create added value for stakeholders while maintaining environmental responsibility"	Added value, environmental responsibility	2

Environmental Stewardship Initiatives

Leaders at companies such as Firm H, Firm G and Firm I have demonstrated strong commitment to sustainable environmental practices through various significant initiatives. For example, at Firm H, a Co-Founder has led efforts to reduce waste by using sustainable materials and implementing energy efficiency initiatives across various operational aspects of the company. In addition, they have actively engaged in community initiatives aimed at raising environmental awareness in local communities. “We are committed to reducing waste and ensuring compliance with environmental regulations, while also contributing to increased environmental awareness in the local community” (Co-Founder Firm H).

Similarly, a Founder at Firm G has implemented innovative approaches to food packaging and logistics that are more environmentally friendly, aiming to reduce the company’s overall carbon footprint. “Our approach to packaging and logistics not only focuses on efficiency but also on how we can minimize environmental impact” (Founder Firm G). These initiatives include the use of more sustainable materials and more energy-efficient production and distribution processes. At Firm I, the company’s leadership has integrated advanced technologies to reduce the environmental impact of its operations, including active engagement with local communities to mitigate negative environmental impacts. "We continuously innovate in technology to ensure our operations align with long-term sustainability goals" (President Director Firm I).

Innovation in Sustainable Business Models

Leadership also plays a crucial role in driving innovation in sustainable business models. At one company, leaders leveraged blockchain technology to facilitate carbon credit trading, enabling companies to more effectively reduce their carbon footprints. "The blockchain innovation we adopted is a significant step forward in ensuring our carbon footprint can be effectively reduced while also creating added value for stakeholders" (CEO Firm A Indonesia). This innovation not only helps reduce emissions but also creates additional value for stakeholders by building a business model centered on sustainability.

Furthermore, several other companies have transitioned to renewable energy sources as part of their sustainability efforts. Leaders at companies like Firm B and Firm C have spearheaded this transition by constructing green-certified infrastructure and utilizing renewable energy in their day-to-day operations. "Building green-certified infrastructure and harnessing renewable energy are part of our commitment to creating sustainable and environmentally responsible operations" (Leader Firm B). These efforts reflect leadership's vision, which focuses not only on business growth but also on long-term sustainability and environmental responsibility.

Thus, the initiatives and innovations led by these company leaders demonstrate how visionary and committed leadership can significantly enhance a company's environmental performance while creating more sustainable and future-oriented business models.

Discussion

The findings of this study are consistent with the broader literature on leadership dynamics in sustainable entrepreneurship and highlight the pivotal role that various leadership styles and frameworks play in advancing environmental stewardship and fostering innovation. Leadership is a critical factor in navigating the complexities of integrating Environmental, Social, and Governance (ESG) principles into business operations, particularly in emerging markets such as Indonesia. The commitment of leaders in companies like Firm H, Firm G, and Firm I to reducing waste and ensuring compliance with environmental regulations strongly aligns with the principles of transformational leadership. Bass and Avolio (1994) defined transformational leadership as the ability to inspire and motivate followers to exceed their usual levels of performance by aligning organizational goals with broader societal values such as environmental sustainability. This leadership style effectively drives organizations toward integrating sustainability into their core operations, fostering a culture in which environmental responsibility becomes intrinsic to the business model.

Moreover, the emphasis on minimizing environmental impact, particularly in packaging and logistics, reflects the operationalization of the eco-leadership framework. Eco-leadership, as described by Western (2013), prioritizes environmental considerations in decision-making processes, balancing efficiency with ecological responsibility. The sustainable initiatives undertaken by Firm G in packaging and logistics, along with the technological innovations implemented by Firm I, demonstrate the effective integration of eco-leadership into these companies. By focusing on reducing environmental impact, these leaders are setting a precedent for embedding sustainability into everyday business practices, thereby contributing to the broader goals of sustainable entrepreneurship.

The role of innovation in driving sustainable entrepreneurship is further highlighted through the adoption of advanced technologies, such as blockchain, for carbon credit trading, as observed in the case of Firm A. This illustrates the significance of strategic leadership, which Boal and Hooijberg (2001) identified as essential for fostering foresight and adaptability in addressing complex environmental challenges. Strategic leadership enables leaders to leverage technological advancements to create added value for stakeholders while simultaneously reducing their carbon footprint. This innovation-driven leadership is critical for developing sustainable and forward-thinking business models, ensuring that companies remain competitive in a rapidly changing global market.

The construction of green-certified infrastructure and the transition to renewable energy sources, as exemplified by companies like Firm B and Firm C, further illustrate the importance of sustainability-driven organizational design principles. Parrish et al. (2010) stated that sustainability-driven entrepreneurs require unique organizational designs that differ from conventional entrepreneurial models. The actions of Firm B and Firm C, underpinned by their leaders' commitment to long-term environmental responsibility, exemplify how such organizational design principles can be successfully integrated into business practices, supporting both economic growth and environmental stewardship.

In addition, the focus on community engagement and environmental responsibility aligns with stakeholder theory, which Freeman (1984) posits as essential for companies to prioritize the broader impact of their operations on various stakeholders, including the community and the environment, rather than focusing solely on shareholder value. The repeated emphasis on community engagement by the leaders in this study reflects an understanding of the interconnectedness between business success and the well-being of the surrounding community. By fostering strong relationships with local communities, these leaders ensure that their businesses contribute positively to societal development, a key aspect of sustainable entrepreneurship.

Furthermore, this research highlights the influence of corporate entrepreneurial leadership (CEL) in promoting sustainable business practices. As explored by Chaudhuri et al. (2023), CEL enhances both business and social performance by encouraging innovative behaviors and aligning them with sustainable development goals (SDGs). The leadership strategies observed in this study, particularly the commitment to building green-certified infrastructure and utilizing renewable energy, are indicative of CEL's impact on driving sustainability in corporate settings. These leaders are not only meeting current sustainability demands but are also setting the stage for future innovations that align with broader SDGs.

Additionally, the findings resonate with the concept of entrepreneurial leadership (EL), particularly in small- and medium-sized enterprises (SMEs). Nor-Aishah et al. (2020) found that EL significantly influences environmental and social sustainability in SMEs, although its impact on economic performance may be less pronounced. The environmental initiatives led by Firm H, Firm G, and other SMEs in this study demonstrate how EL can drive sustainable practices within smaller firms, contributing to their overall social and environmental performance even if immediate economic benefits are not as apparent.

Lastly, the holistic approach to sustainability observed in these companies reflects the broader construct of sustainable entrepreneurship, as outlined by Johnson et al. (2020). Sustainable entrepreneurship involves a complex interplay of economic, social, and environmental dimensions that must be systematically understood and integrated into business practices. The leadership dynamics highlighted in this study, with their emphasis on innovation, community engagement and environmental responsibility, illustrate how sustainable entrepreneurship can be effectively achieved through visionary and committed leadership.

This study contributes a novel perspective to the existing literature by emphasizing the leadership processes that drive ESG implementation in an under-researched context—emerging markets like Indonesia. This study uniquely highlights how transformational, eco-, and strategic leadership styles converge to address socioeconomic challenges while fostering innovation and sustainability. By exploring advanced technologies, such as blockchain, and their integration into ESG practices, this research offers practical implications for industries aiming to leverage technology for sustainability. Furthermore, this study provides a replicable framework for examining leadership dynamics in other developing economies, filling a critical gap in the literature and offering actionable insights for practitioners and policymakers.

CONCLUSION

This study highlights Indonesian business leaders' strong commitment to integrating Environmental, Social, and Governance (ESG) principles into their corporate strategies. Across various industries, companies are adopting sustainable practices, promoting employee welfare and community engagement, and emphasizing ethical leadership. These initiatives not only contribute to environmental stewardship and social responsibility but also enhance companies' competitiveness and strengthen relationships with stakeholders. The findings suggest that ESG integration is a crucial component of long-term business success in Indonesia, driving both corporate sustainability and positive societal impact.

Despite these advancements, the study also identified areas for further progress, particularly in scaling and standardizing ESG practices across different sectors. The various challenges faced by companies highlight the importance of supportive regulatory frameworks and industry standards that facilitate wider adoption of effective ESG strategies. Future research should explore the quantitative impact of these practices on business performance and investigate the role of policy in shaping ESG adoption, providing valuable insights for both business leaders and policymakers aiming to promote sustainable development in Indonesia.

LIMITATIONS & FURTHER RESEARCH

This study provides important insights into leadership dynamics and implementation of ESG in Indonesia, but several limitations must be acknowledged. The qualitative nature of the research, which relies on focus group discussions and secondary data, limits the generalizability of the findings. Although the study captures rich and nuanced perspectives from a select number of companies, it may not fully represent the diversity of industries or organizational contexts within Indonesia. Future research could address this issue by employing quantitative methods, such as large-scale surveys and statistical modeling, to analyze the broader impact of ESG practices on company performance and stakeholder satisfaction. Additionally, this study focuses on leadership strategies without extensively exploring the macroeconomic and regulatory factors influencing ESG adoption, leaving an opportunity for future research to investigate how policies and institutional mechanisms shape ESG integration.

The study also highlights innovative approaches, such as blockchain technology and renewable energy adoption, but it does not assess their long-term impacts or scalability across different sectors. Future research can explore the effectiveness of these technologies in achieving sustainable outcomes over time and examine their applicability in other emerging markets. Moreover, expanding the scope to include the intersection of leadership styles, regulatory environments, and technological advancements would provide a more comprehensive understanding of the factors driving ESG adoption. By addressing these limitations, future studies can contribute to the development of more robust and sustainable business practices, offering valuable insights for both academic researchers and policymakers aiming to advance ESG initiatives in Indonesia and beyond.

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