International Conference on Sustainable Economics, Management, and Accounting (ICSEMA 2026)
Proceedings
Vol. 02 Year 2026, 1612 – 1620
ISSN: 3109-3337

SUSTAINABILITY ACCOUNTING AS A BRIDGE TO LOCAL ECONOMY TO SUSTAINABLE GLOBAL DEVELOPMENT

Syaamil Amanulloh[1*], Bambang Setyobudi Irianto[2]

[1]Student Magister of Science in Accounting, Jenderal Soedirman University, Indonesia
[2]Lecturer Magister of Science in Accounting, Jenderal Soedirman University, Indonesia

[*]Email corresponding author: syaamiljobs@mhs.unsoed.ac.id

Article Information: Received --- June, 25 2026, Published: August --- 10 2026

Abstract

This article analyzes how sustainability accounting can serve as a bridge between local economies and sustainable global development. The aim is to develop a conceptual framework that explains the role of accounting in improving transparency, accountability, access to finance, and the integration of local businesses into the broader value chain. The research uses a systematic literature review approach with the PRISMA 2020 protocol, combining international official sources and peer-reviewed articles for the period 2014–2026. Databases designed for search include Scopus, Web of Science, ScienceDirect, Emerald, SpringerLink, and Google Scholar, while the main normative sources come from IFRS S1/S2 standards, GRI Standards, SDGs documents, and World Bank publications. The results of the synthesis show five key findings. First, accounting makes the contribution of the local economy visible and measurable. Second, in SMEs, the adoption of sustainability reporting is more influenced by perceived benefits, stakeholder pressure, financing, and digital capacity than by normative knowledge alone. Third, instruments such as environmental management accounting can improve environmental performance and innovation. Fourth, interoperability between GRI and IFRS opens up a gradual path from impact reporting to reporting sustainability risks and opportunities. Fifth, effective public policies need to develop a multi-level reporting framework for local businesses. The contribution of this article is a local-to-global sustainability accounting framework that explains how accounting can link local business levels, national governance, and the plans global development.

Keywords: Sustainability accounting; SMEs; Sustainable Development Goals (SDGs); Sustainability reporting; Local economic development.

INTRODUCTION

The local economy is an arena where employment, household income, social relations, and the use of natural resources meet concretely. From the perspective of regional development, strengthening the local economy is not only a matter of increasing output, but also building regional capacity so that the quality of life of the community also improves. The World Bank defines local economic development as an effort to build the economic capacity of local regions to improve the economic future and quality of life of their people; at the same time, SMEs are positioned as the backbone of most economies, representing about 90% of businesses and more than half of global employment.

The urgency of this theme increases because global sustainable development achievements are still lagging behind. The SDGs adopted in 2015 are intended to be a shared blueprint for peace, prosperity, people, and the planet. However, the latest assessment of global progress shows the

world is "way off" of achieving the 2030 Agenda; Of the targets that can be assessed, only about 17% show adequate progress to be achieved by 2030. This means that economic growth, poverty reduction, institutional strengthening, and environmental transition can no longer be addressed in isolation.

In this situation, accounting has a more fundamental role than just compiling annual reports. IFRS S1 requires disclosure of sustainability risks and opportunities relevant to cash flows, access to funding, and capital costs, while IFRS S2 focuses disclosure on climate-related risks and opportunities. On the other hand, GRI Standards are designed so that organizations large or small, private or public can report their impact on the economy, environment and people in a credible and comparable manner. Substantively, it suggests two complementary orientations: one centered on the capital provider's decisions, the other on the organization's impact on broader stakeholders.

The main gap lies in the implementation level. Many discussions of international standards stop at large corporations, while much of the local economic contribution is actually produced by SMEs, cooperatives, family businesses, and community-based economic units. In the Indonesian context, MSMEs are even reported to contribute more than 60% of the national GDP and absorb almost 97% of the workforce, so the question of sustainability reporting cannot be limited to large corporations alone. From here, the research question of this article is: how sustainability accounting can be designed as a realistic, gradual, and relevant bridge to connect local economies with sustainable global development?

LITERATURE REVIEW

Theoretically, the relationship between accounting and sustainable development has long been discussed as an effort to shift the focus of accounting from mere financial outcomes to social and ecological consequences. Bebbington and Larrinaga (2014) show that "accounting for sustainable development" requires a serious reconnection with sustainable development thinking, not just attaching environmental indicators to conventional accounting frameworks. Bebbington and Unerman (2018) then emphasized that the SDGs provide a strong starting point for accounting research to understand, criticize, and advance sustainable development policies and practices. This position is important because it moves accounting from a passive-record-keeping role to an active-translation and agenda-setting role.

The concept of triple bottom line provides the operational language for the expansion. The TBL literature shows that organizational performance assessments should integrate economic, environmental, and social dimensions, not just profitability. Recent bibliometric studies and reviews confirm that TBL remains relevant as a holistic evaluation framework, although it still requires sharper operationalization of indicators, especially in small and medium-sized enterprises. In other words, TBL is useful as a conceptual lens, but it only has an impact when it is translated into a measurement, control, and reporting system that can be practiced by local entities.

At the standard level, the division between "impact" and "financial value" reporting no longer needs to be read as conflict. IFRS S1/S2 provides a global baseline for disclosure of risks and sustainability opportunities that are material to an entity's prospects, while GRI provides a language of human-economic-environmental-impact for organizations of all sizes. The formal collaboration between the IFRS Foundation and GRI, including interoperability resources for GHG emissions, points the way towards a more seamless reporting system, so that efforts that start from impact reporting can evolve to disclosure of risks and opportunities, and vice versa.

Table 1. Comparison of the main studies on which the synthesis is based

Author and title	Method	Sample/units of analysis	Key findings	Relevance
Bebbington & Unerman, *Achieving the United Nations Sustainable Development Goals: An enabling role for accounting research*	Sintesis konseptual-interdisiplin er	Literatur akuntansi dan SDGs	Accounting can act as an enabler to understand, criticize, and advance SDG practices	Become the normative basis of the global accounting and development relationship
Johnstone, *Facilitating sustainability control in SMEs through the implementation of an environmental management system*	Kualitatif lintas kasus	18 SMEs dan 7 auditor	Sustainability controls in SMEs tend to be formal and compliance-driven, but their effectiveness increases when combined with the intrinsic motivation of workers	Explain that formal systems need to be adapted to the operational realities of small businesses
Appiah-Kubi, *Management knowledge and sustainability reporting in SMEs*	Survei, SEM	258 SMEs	Sustainability knowledge alone is not enough; perceived benefits and stakeholder pressures are more likely to determine reporting	Explain why local SMEs don't automatically adopt sustainability reporting
O'Reilly dkk., *Accounting practitioners' perspectives on SMEs' environmental sustainability reporting*	Survei berbasis kerangka GRI abridged	203 praktisi akuntansi	Its main benefit is image improvement; The main obstacles are knowledge, resources, and data tools	To be the basis for the design of a multi-level reporting framework for the local economy
Zaman dkk., *What does sustainability mean for small and medium enterprises*	SLR	58 artikel dari 1.057 rekaman awal	The SME literature on sustainability is fragmented and requires a holistic *practice-performance approach*	Affirming the need for a conceptual framework that brings together local practices and sustainability outcomes

This table is compiled from publisher metadata, peer-reviewed article abstracts, and publicly accessible open-access articles. The pattern is generally consistent: sustainability measurement in small businesses does not fail primarily because of a lack of concept, but because of weak institutionalization of data, capacity, and incentives.

From the literature above, there are three most relevant conclusions of the literature. First, sustainability accounting needs to be understood as a means of mediation between global goals and local practices. Second, small businesses need a simple but still material framework. Third, the integration of local economies into the global value chain requires data that is not only administratively "correct", but also "useful" for financing, procurement, and impact evaluation. The World Bank itself points out that the integration of local SMEs into the global value chain demands improved quality, supplier relationships, and international market standards.

RESEARCH METHODS

This article uses the Systematic Literature Review approach with reference to PRISMA 2020 reporting. PRISMA 2020 provides a 27-item checklist as well as an updated flowchart to explain why the review was conducted, how the study was identified, selected, assessed, and synthesized. The use of PRISMA in this article is intended to improve the traceability of methodological decisions and avoid overly narrative or selective literature reviews.

Operationally, the databases designed for search are Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, and Google Scholar. Scopus and Web of Science are positioned as core sources for reputable articles; ScienceDirect, Emerald, and SpringerLink are used to expand the discovery of substantive articles in the fields of accounting, management, and sustainability; Google Scholar is used for forward/backward snowballing and browsing of missed literature. For normative and policy sources, the search is complemented by the official websites of the IFRS Foundation, GRI, the United Nations, and the World Bank. This step follows cutting-edge accounting and sustainability review practices that combine academic articles with standard documents and official policies.

The core search strings are designed in two groups. The first group focuses on sustainability accounting: "sustainability accounting", "sustainability reporting", "environmental management accounting", "SDG accounting", "triple bottom line", and "sustainability control". The second group focuses on the local economy: "local economy", "SMEs", "community enterprise", "regional business", "global value chains", and "local economic development". Both groups are joined by Boolean operators, for example: ("sustainability accounting" OR "sustainability reporting" OR "environmental management accounting") AND ("SMEs" OR "local economy" OR "local economic development" OR "global value chains"). For the Indonesian context, equivalent keywords such as "sustainability accounting", "sustainability reporting", "local economy", "MSMEs", and "sustainable development" are used as additional searches. The year range is set at 2014–2026, while classical works outside this period are only used on a limited basis as theoretical foundations when absolutely necessary.

The inclusion criteria for articles are: peer-reviewed publications or institutional official sources; relevant to accounting, reporting, controls, or sustainability indicators; have substantive relationships with small businesses, local economies, regional development, or integration into global development; and provide sufficient abstracts or text for evaluation. Exclusion criteria include: opinion articles without methods, articles that solely discuss the ESG of large corporations with no implications for the local economy, cross-database duplication, and articles that use the term sustainability very broadly without any connection to accounting or accountability. Because this session does not export final proprietary results, the article does not claim the number of search result records as an official bibliometric number; What is presented is a screening protocol that can be replicated.

The screening process follows five stages. The first stage is identification: all search results and official documents are collected. The second stage is deduplication: titles, DOIs, and metadata are filtered to remove duplication. The third stage is title–abstract screening: studies that clearly have nothing to do with accounting, the local economy, or sustainability are eliminated. The fourth stage is full-text eligibility: the article that passes is read in full or its abstract is examined in depth to assess conceptual proximity, method quality, and substantive relevance. The fifth stage is quality appraisal and thematic synthesis: the article is openly coded to themes such as local economic visibility, sustainability controls, barriers to adoption, the role of financing, digitalization, and standard interoperability. This approach is consistent with the latest structured reviews in the field of sustainability accounting and SDG accounting.

RESULTS AND DISCUSSION

The literature synthesis resulted in five relatively stable thematic findings. First, accounting serves as a visibility mechanism: it transforms local economic activity from "existing but illegible" practices into information that can be used for financing, procurement, quality standards, and policy evaluation. Second, in small businesses, the decision to report sustainability is primarily influenced by perceived benefits, stakeholder pressures, and organizational capacity, rather than by purely abstract normative knowledge. Third, effective environmental control and accounting requires a combination of formal structures, organizational learning, and behavioral incentives. Fourth, standard interoperability is increasingly important because local businesses must speak to communities, regulators, buyers, and capital providers at the same time. Fifth, a realistic local-to-global path is gradual: starting from basic accounting, towards TBL indicators, then to sustainability reporting, and at an advanced stage to assurance.

Table 2. Summary of thematic findings and their implications

Thematic themes	Synthetic evidence	Implikasi kebijakan dan praktik
Local economic visibility	The contribution of local businesses is often large in real terms, but weak in terms of documentation and standardization	The government needs a minimum reporting framework for local businesses
Adoption of reporting in SMEs	The perceived benefits, stakeholder pressure, financing, and digitalization are more decisive than mere knowledge	Interventions should combine incentives, education, and digital tools
Sustainability controls	The formal system is effective when combined with intrinsic motivation and daily learning	Reporting is not enough; Need for Internal Control and Work Culture
Standard interoperability	GRI and IFRS are increasingly compatible, especially on issues of emissions and reporting architecture	Local businesses can use a gradual approach, not having to choose one
Local–global integration	Access to financing and value chains requires credible and trustworthy data	Financial institutions, buyers, and regulators need to simplify data demands for SMEs

This table summarizes the cross-synthesis between peer-reviewed articles and official sources. The practical relevance is that sustainable local economic reform does not rely enough on credit or business training. What is needed is information capability: the ability of local businesses to produce useful, reliable, and proportionate data trails.

Substantively, the first issue is visibility. The World Bank emphasizes that access to SME financing opens up innovation, jobs, inclusion, diversification, and growth that reduces poverty. But such access demands data that can be evaluated by outsiders. This is where basic accounting revenue, expenses, cash flow, liabilities, and compliance comes into play. Without this foundational layer, the sustainability agenda in local economies often falls to two extremes: normative but immeasurable, or administrative but not strategic.

The second problem is adoption. Evidence from SME studies shows that sustainability reporting does not grow just because business actors understand the concept of sustainability. Appiah-Kubi points out that sustainability knowledge alone has no strong effect if it is not transmitted to perceived benefits; Stakeholder pressure is actually an important reinforcement. O'Reilly et al. add that the most tangible benefit for SMEs is image improvement, but the main obstacle remains classic: lack of knowledge, resources, and data capture tools. This means that serious policy design needs to shift the focus from "concept socialization" to "benefit and ease of implementation architecture".

The third problem is organizational control and learning. Johnstone pointed out that in SMEs, the sustainability system built through an environmental management system tends to be formal and compliance-based. However, the success of daily operations also depends on the values, interests, and intrinsic motivations of workers. This finding is important because it rejects two simplifications at once: first, that SMEs are sufficiently standardized; Second, that internal culture alone is enough. Effective sustainability accounting should be present as a blend of formal tools, work routines, and behavioral feedback.

The fourth problem is the fragmentation of definitions and metrics. Zaman et al. show that the SME sustainability literature is still fragmented and requires an approach that looks at the linkages between practice and performance. This means that a conference article with a local economy theme is not enough to just mention TBL as a slogan. He must translate it into indicators that can be recorded, examined, and linked to decisions. Below is a synthesis of the most relevant TBL indicators for the local economy.

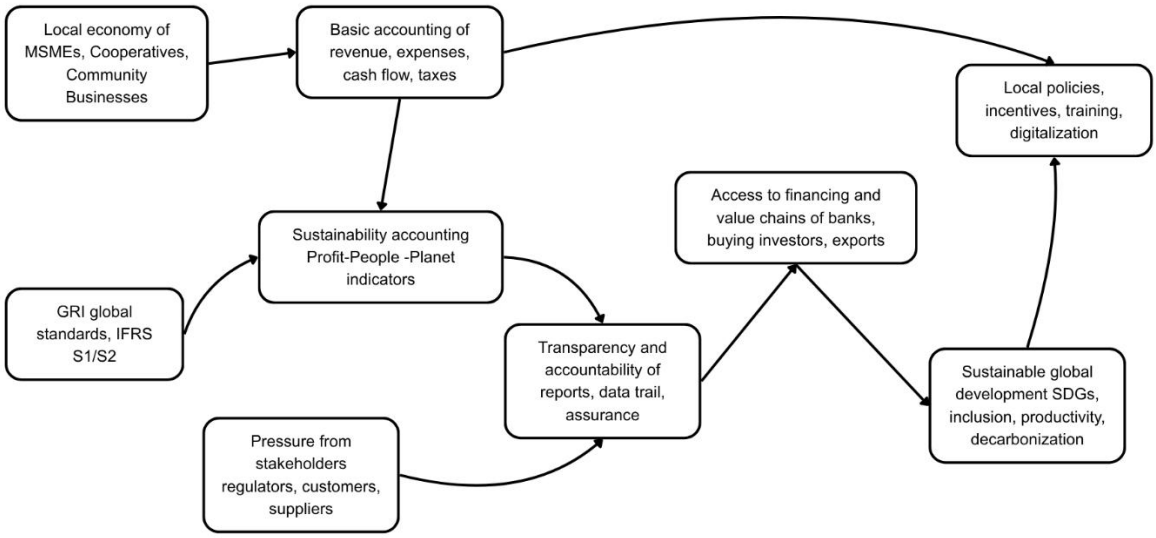
Table 3. Triple Bottom Line Indicator for the local economy

TBL Dimensions	Examples of core indicators	Accounting/operational data sources	Relevance to the local economy
Profit	revenue growth, operating margin, operating cash flow, productive financing ratio, percentage of purchases from local suppliers	Cash books, simple income statements, purchase and debt records, credit data	Assess business continuity and its connection with the local production ecosystem
People	local labor numbers, worker retention rates, training hours, women's participation, occupational health and safety, customer/community complaints	payroll, attendance, HR records, training logs, complaint registers	Assess the impact of business distribution on community and quality of work
Planet	energy intensity, water consumption, waste volume, recycling rate, sustainable use of raw materials, simple GHG emissions	utility bills, production logs, waste records, raw material invoices, basic emissions calculations	Assess the business environmental footprint and readiness for green markets/regulations

This indicator table is compiled by combining the economic-environmental-human impact orientation of the GRI, the risk-opportunity-governance disclosure structure of IFRS S1/S2, and the TBL and SME literature. In essence, indicators for local businesses should be simple enough to use, but powerful enough to build accountability.

The conceptual framework resulting from this synthesis can be visualized as follows. The diagram shows that the "bridge" between local economies and global development actually works through four layers: basic record-keeping, sustainability measurement, data credibility, and connection to markets/financing. It is not an instant process, but rather a gradual escalation from internal order to external openness.

Figure 1. Conceptual Framework Result



The implications of his policy are quite clear. First, regulators should not directly copy the reporting burden of large companies to SMEs. What is needed is a tiered framework: a basic level for core recording, an intermediate level for material TBL indicators, and an advanced level for risk-opportunity disclosure and assurance. Second, SME financing programs should be associated with improving the quality of business data, because green financing and digitalization have been proven to strengthen sustainability reporting. Third, business development institutions need to provide concise and sector-based reporting templates. Fourth, supplier partnerships and integration programs into the global value chain need to include improved accounting and data capabilities, not just product certifications.

For business practice, his article suggests repositioning the accounting function. In local businesses, accounting is often narrowed down to tax or cash bookkeeping. This synthesis suggests that the accounting required is much broader: it must serve as a tool for cost learning, operations control, impact documentation, communication with banks and buyers, as well as a basis for trust. Reputation and legitimacy are becoming more important because sustainability is ultimately a matter of trust in claims—and the latest literature confirms that external assurance is increasingly central to restoring trust in sustainability reporting.

At the global level, the significance of these findings is that sustainable development will not be achieved simply by improving the disclosure of large companies or increasing the SDGs targets at the international level. The biggest gap lies precisely in the "middle engine" of development: millions of local entities that create jobs and added value, but do not yet have adequate information to access financing, enter green markets, or legitimately demonstrate their

impact. As the world is still far from achieving the SDGs, strengthening sustainability accounting in local economies must be read as a development strategy, not just a reporting reform.

CONCLUSION AND SUGGESTIONS

This study shows that sustainability accounting deserves to be positioned as a bridge between local economies and sustainable global development because it provides three functions that cannot be replaced by other interventions: the visibility function, the accountability function, and the coordination function. Visibility makes the performance and impact of local businesses readable. Accountability makes that information trustworthy and testable. Coordination makes such information useful for financing, procurement, surveillance, and integration into the global value chain. Thus, accounting is not an administrative layer at the end of the development process, but part of the development infrastructure itself.

The main conceptual contribution of this article is the local-to-global sustainability accounting framework, which is the idea that sustainable global development requires stages that start from recording local business basics, progress to TBL indicators, and then move towards increasingly interoperable impact and risk reporting. Its practical contribution is the proposal for multi-tiered, simple, and sectoral reporting for local businesses. For the researchers, the most urgent further agenda includes: cross-sectoral empirical testing of TBL indicators for SMEs; comparative studies between regions on the relationship between the quality of business data and access to financing; experimenting with low-cost digital reporting templates; as well as research on proportional assurance for SME sustainability reporting. Since this article compiles a replication-ready SLR protocol, the next step for the final conference script is to run a subscription database search with the final numbered metadata and PRISMA diagram export.

BIBLIOGRAPHY

Afolabi, H., Ram, R., Hussainey, K., Nandy, M., & Lodh, S. (2023). Exploration of small and medium entities' actions on sustainability practices and their implications for a greener economy. Journal of Applied Accounting Research, 24(4), 655–681. doi:10.1108/JAAR-09-2022-0252

Appiah-Kubi, E. (2024). Management knowledge and sustainability reporting in SMEs: The role of perceived benefit and stakeholder pressure. Journal of Cleaner Production, 434, 140067. doi:10.1016/j.jclepro.2023.140067

Bebbington, J., & Larrinaga, C. (2014). Accounting and sustainable development: An exploration. Accounting, Organizations and Society, 39(6), 395–413. doi:10.1016/j.aos.2014.01.003

Bebbington, J., & Unerman, J. (2018). Achieving the United Nations Sustainable Development Goals: An enabling role for accounting research. Accounting, Auditing & Accountability Journal, 31(1), 2–24. doi:10.1108/AAAJ-05-2017-2929

Bisogno, M., Abate, F., & Citro, F. (2025). Environmental and sustainability accounting, budgeting and reporting: A structured literature review. Journal of Accounting Literature, 47(5), 270–299. doi:10.1108/JAL-06-2024-0135

Erin, O., Adebayo, A., Ackers, B., & Soobaroyen, T. (2025). Sustainable development goal research in accounting: A systematic literature review and direction for future research. Journal of Financial Reporting and Accounting. doi:10.1108/JFRA-05-2024-0243

Global Reporting Initiative. (2026). GRI Standards.

IFRS Foundation. (2025). IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.

IFRS Foundation. (2025). IFRS S2 Climate-related Disclosures.

IFRS Foundation. (2024). GRI and IFRS Foundation collaboration to deliver full interoperability that enables seamless sustainability reporting.

Johnstone, L. (2021). Facilitating sustainability control in SMEs through the implementation of an environmental management system. Journal of Management Control, 32, 559–605. doi:10.1007/s00187-021-00329-0

O'Reilly, S., Mac An Bhaird, C., Gorman, L., & Brennan, N. M. (2025). Accounting practitioners' perspectives on small- and medium-sized enterprises' environmental sustainability reporting. Journal of Applied Accounting Research, 26(6), 26–46. doi:10.1108/JAAR-08-2023-0250

Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., et al. (2021). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. BMJ, 372, n71. doi:10.1136/bmj.n71

Tseng, M.-L., Chang, C.-H., Lin, C.-W. R., Wu, K.-J., Chen, Q., Xia, L., & Xue, B. (2020). Future trends and guidance for the triple bottom line and sustainability: A data-driven bibliometric analysis. Environmental Science and Pollution Research, 27, 33543–33567. doi:10.1007/s11356-020-09284-0

United Nations. (2026). The 17 Sustainable Development Goals.

United Nations. (2024). The Sustainable Development Goals Report 2024.

World Bank Group. (2026). SME Finance.

Zaman, M., Tanewski, G., & Ekanayake, G. (2025). What does sustainability mean for small and medium enterprises: A systematic literature review. Journal of Cleaner Production, 501, 144830. doi:10.1016/j.jclepro.2025.144830