

Between Compliance and Accountability: Exploring the Supply–Demand Gap in Sustainability Reporting of Jayapura City Government

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ABSTRACT

This research investigates sustainability reporting (SR) practices in Jayapura City Government, Papua, by examining the gap between the supply side (civil servants) and the demand side (citizens). It aims to assess whether current reporting practices align with international standards, such as the Global Reporting Initiative (GRI), and whether they meet stakeholder expectations. A mixed-methods design was adopted. Primary data were collected from surveys of 45 government officials and 45 citizens, while secondary data came from budget documents, performance reports, and relevant regulations. Quantitative data were analyzed descriptively, and qualitative data were explored through thematic and content analysis. The analysis was guided by legitimacy, stakeholder, institutional, and signaling theories. The study reveals a significant supply–demand gap. Civil servants perceive existing reports as sufficient from a compliance perspective, whereas citizens demand broader disclosures on social, governance, and especially environmental issues. The absence of a formal GRI-based SR indicates that reporting remains administrative rather than strategic. Citizens, in particular, view the use of Special Autonomy Funds as non-transparent, further eroding trust in government reporting. This paper contributes to public sector SR literature by introducing the underexplored context of Papua, Indonesia. It demonstrates how multiple theoretical frameworks explain the supply–demand gap in a developing country setting and highlights the socio-political and institutional barriers to SR adoption. The findings also offer practical insights for policymakers by recommending capacity building for civil servants and integrating GRI-based indicators into existing local government reporting frameworks.

KEYWORDS Sustainability reporting, Public sector accountability, Legitimacy theory, Papua, Indonesia



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INTRODUCTION

Sustainability reporting (SR) has developed into a standard practice in the governance of modern organizations, both in the private and public sectors. International organizations, including the Global Reporting Initiative (GRI), have emphasized the importance of accountability and transparency in economic, social, and environmental dimensions. In the public sector, SR is viewed as an instrument to strengthen legitimacy and build public trust through reporting that goes beyond financial dimensions alone (Ogunrinde, Shittu, Bello, & Davidson, 2019). However, the implementation of SR in public sector organizations,

particularly in local governments in developing countries, still faces significant challenges (Heinemann, Zwergel, Gold, Seuring, & Klein, 2018; Prencipe, 2025).

Indonesia, as a developing country with diverse geographical and social characteristics, has pushed for greater transparency through the adoption of accrual-based government accounting and the implementation of performance-based planning and budgeting systems (Law No. 17/2003; Government Regulation No. 12/2019). Nevertheless, sustainability reporting at the local government level remains limited and unsystematic (Yu, Xie, Sun, & Wang, 2021). This is particularly evident in remote and disadvantaged regions, such as Papua, where bureaucratic capacity constraints, geographic isolation, and socio-political tensions create further obstacles to public accountability (Salle, 2025).

Jayapura City, as the capital of Papua Province, provides a compelling case for exploring these dynamics. As an administrative center, Jayapura receives significant allocations of government funds, including Special Autonomy Funds, which theoretically require higher levels of accountability (Aminah & Saksono, 2021; Ligorio et al., 2025; Salle, 2025). Yet, to date, the city government has not issued a formal sustainability report based on GRI Standards (Fariss, 2018; Huising & Silbey, 2021; Rong & Biscaya, 2025). This raises questions about the extent to which the awareness and capacity of civil servants (supply side) align with the expectations of citizens (demand side) regarding transparency and sustainability reporting.

Previous studies in Indonesia show that local governments often emphasize administrative compliance in financial reporting rather than using SR as a strategic communication tool with the public (Adiputra et al., 2018). In Papua, this gap appears to be even more pronounced due to weak information infrastructure and limited public literacy on SR. This situation raises a key research question: how does the gap between the supply side (government officials) and demand side (citizens) manifest in the practice of sustainability reporting in Jayapura City?

This research aims to analyze sustainability reporting practices in Jayapura City by adopting a supply and demand side perspective. The analysis combines surveys with civil servants and citizens to assess perceptions, understanding, and expectations regarding SR implementation. This approach allows us to identify mismatches between bureaucratic practices and public demands while providing theoretical insights through the lenses of legitimacy theory, stakeholder theory, institutional theory, and signaling theory.

The benefits of this research lie in three aspects. First, academically, this study enriches the public sector accounting literature and sustainability reporting by presenting an empirical context of Papua that is still rarely explored, as well as testing the integration of several theoretical frameworks in explaining the supply-demand gap. Second, practically, the research findings provide operational policy recommendations for the local governments of Jayapura and Papua in general, such as increasing the capacity of the apparatus, integrating GRI indicators into the regional reporting system, and adopting a more participatory communication strategy to bridge public expectations. Third, methodologically, the mixed-methods approach and gap analysis applied can serve as a model for assessing the transparency and accountability of other local governments in Indonesia, especially in disadvantaged areas, thereby supporting better governance and sustainable development.

The contributions of this research are twofold. First, theoretically, it enriches the literature on sustainability reporting in the public sector by introducing the underexplored context of

Papua. Second, practically, the findings offer policy recommendations for local governments to strengthen accountability and transparency through GRI-based SR. In this way, the paper seeks to address a research gap while promoting more sustainable governance practices in Indonesia's periphery.

RESEARCH METHOD

This study adopted a mixed-methods approach to capture the dynamics between the supply side (civil servants) and the demand side (citizens) in the practice of sustainability reporting (SR) within the Jayapura City Government. A mixed design was chosen because it allowed the integration of quantitative survey data with qualitative insights from thematic and document analysis. This approach aligned with Creswell and Clark (2017), who argued that combining methods enhances validity, particularly in governance research conducted in developing country contexts.

The research design was exploratory and descriptive. Its primary aim was to map the perceptions of civil servants, representing the supply side, and citizens, representing the demand side, regarding the needs and practices of SR in Jayapura. This design was appropriate given that the city government had yet to issue a formal sustainability report based on GRI Standards, making the study focus on perceptions, gaps, and the potential for future development.

Two main types of data were collected:

1. Primary data: obtained from surveys of 45 civil servants (ASN) within Jayapura City Government and 45 citizens from diverse socio-economic backgrounds. Civil servant respondents were purposively selected from departments directly involved in budgeting and public service delivery, while citizen respondents were chosen through stratified random sampling to reflect variation in age, education, and occupation.
2. Secondary data: consisted of policy documents (Jayapura City budget, financial reports, medium-term development plans), international frameworks (GRI Standards, UN SDGs), and national regulations (Law No. 17/2003, Government Regulation No. 12/2019, Minister of Home Affairs Regulation No. 64/2013).

The research instrument was a Likert-scale questionnaire designed to measure:

1. Civil servants' understanding of sustainability reporting.
2. Citizens' perceptions of government transparency and accountability.
3. The degree of alignment between public expectations and bureaucratic practices.

In addition to closed-ended items, open-ended questions captured qualitative insights. Secondary data were analyzed using content analysis to assess the extent to which government documents reflected sustainability indicators consistent with GRI.

Quantitative data were analyzed using descriptive statistics to identify patterns in civil servant and citizen perceptions. Comparisons between supply and demand sides were conducted through gap analysis. Qualitative responses from open-ended questions were analyzed thematically. Methodological triangulation was employed to enhance reliability by integrating survey results, limited interviews, and document analysis.

Several measures were taken to ensure data validity and reliability. First, the questionnaire was pre-tested on a small group of civil servants and citizens to refine question clarity. Second, internal reliability was checked using Cronbach's alpha. Third, triangulation of data sources was carried out by comparing survey findings with policy documents and existing *Between Compliance and Accountability: Exploring the Supply–Demand Gap in Sustainability Reporting of Jayapura City Government*

literature. Finally, limitations such as the relatively small sample size were acknowledged, but considered sufficient for exploratory purposes in the Jayapura context.

RESULT AND DISCUSSION

Supply Side: Civil Servants (ASN)

The survey of 45 civil servants reveals limited understanding of sustainability reporting (SR). More than half of respondents (57%) associated SR solely with accrual-based financial reporting, without recognizing the social and environmental dimensions emphasized by the GRI Standards. When asked about sustainability indicators, most respondents mentioned education and health expenditures, while very few referred to environmental aspects such as waste management or emissions. This indicates that civil servants' orientation remains administrative rather than strategic, and SR is not yet perceived as a legitimacy or communication tool.

Civil servants also acknowledged the absence of specific local regulations on SR, which led them to focus primarily on compliance with existing national frameworks such as Local Government Financial Statements (LKPD), Local Government Performance Report (LPPD), and Regional Government Information System (SIPD). Approximately 65% believed that current reporting is sufficiently transparent because it adheres to national standards, yet only 22% thought that government reports were easily understood by the general public. This highlights a clear gap between the providers of reports and their intended users.

Demand Side: Citizens

Findings from 45 citizen respondents show different expectations. A majority (72%) considered current government reports inadequate in explaining the impacts of development on their daily lives. Citizens expressed a stronger demand for information about service quality in education, health, and access to clean water, as well as the social impacts of government spending. Furthermore, 68% of respondents perceived the use of Special Autonomy Funds as non-transparent, expecting more detailed reporting on how these funds are distributed and utilized. Demographic factors influenced perceptions. Younger respondents (aged 20–35) were more critical of transparency compared to those over 50. Educational attainment also shaped expectations: university graduates were more likely to demand environmental reporting, while respondents with secondary education prioritized economic and social aspects.

Gap Analysis: Supply vs. Demand

A gap analysis revealed significant differences between the perceptions of civil servants and citizens. While civil servants viewed existing reports as sufficient from a compliance perspective, citizens found them lacking in substance. The most notable gap appeared in the environmental dimension: almost none of the civil servants identified environmental reporting as important, while 41% of citizens emphasized issues such as waste management, pollution, and water quality.

Table 1. Summary of Supply vs. Demand Side Differences

Dimension	Supply Side (Civil Servants)	Demand Side (Citizens)	Gap
Economic	Focus on education & health expenditures	Demand for service quality and distribution of Special Autonomy Funds	Medium
Social	Limited to standard indicators (HDI, poverty)	Demand for detailed impacts of programs and access to public services	High
Environmental	Rarely considered	Strong demand (waste, pollution, clean water)	Very High
Governance	Seen as sufficient through formal compliance (SIPD)	Viewed as opaque and difficult to understand (LKPD, SIPD)	High

Source: Primary data was processed from a survey of state civil servants (n=45) and citizens (n=45), 2025.

Document Analysis

An examination of Jayapura’s budget and performance documents confirmed these findings. No formal sustainability report referencing the GRI Standards was identified. Social and environmental dimensions were only implicitly reflected, such as in budget allocations for health and environmental programs, but without measurable sustainability indicators. This suggests that SR practices in Jayapura remain far from both international standards and the expectations of its citizens (Adams, 2017; Farneti & Siboni, 2011; Freeman, 2010).

The findings of this study highlight a significant gap between the supply side (civil servants) and the demand side (citizens) in the practice of sustainability reporting (SR) within Jayapura City Government. This gap can be better understood through the theoretical frameworks guiding this research.

Legitimacy Theory

According to Legitimacy Theory, organizations seek societal acceptance by aligning their practices and disclosures with prevailing values and norms. In Jayapura, the city government relies heavily on formal legitimacy through compliance with administrative requirements (e.g., LKPD, LPPD), rather than substantive legitimacy through sustainability disclosures. This explains why civil servants considered current reporting sufficient, while citizens perceived it as opaque. The findings echo Guthrie and Farneti (2008), who observed that public sector entities often use reporting as a symbolic exercise rather than as a genuine communication tool.

Stakeholder Theory

Stakeholder Theory Freeman (2010) emphasizes the need to address diverse stakeholder interests. Citizens in Jayapura demanded more detailed information on the distribution of Special Autonomy Funds, the quality of education and health services, and environmental issues. Yet, such information was largely absent from government reports. This aligns with Farneti and Siboni (2011), who found that governments tend to prioritize regulators over broader stakeholder groups. In Papua, limited information literacy exacerbates this issue, as official reports remain difficult for the public to understand.

Institutional Theory

From the perspective of Institutional Theory, SR adoption is shaped by regulatory, normative, and mimetic pressures. In Indonesia, regulatory pressures are relatively strong through financial management laws, but there is no explicit mandate for sustainability reporting. Between Compliance and Accountability: Exploring the Supply–Demand Gap in Sustainability Reporting of Jayapura City Government

reporting. Normative pressures from academia, NGOs, and donors are weak in Papua, and mimetic pressures from other local governments remain limited. As a result, SR in Jayapura has not developed systematically. This contrasts with (Ligorio et al., 2025), who documented that stronger institutional pressures in European contexts foster more comprehensive SR practices in the public sector.

Signaling Theory

The findings also resonate with Signaling Theory (Spence, 1978), where reports are used to signal transparency and accountability. However, since Jayapura has not produced a formal GRI-based sustainability report, the signals sent to stakeholders remain weak and lack credibility. Citizens interpret this absence as non-transparency, particularly concerning the use of Special Autonomy Funds. This supports Maroun and Lodhia (2017), who argue that without structured sustainability disclosures, public sector reporting fails to deliver credible signals of accountability.

Integrating the Findings

Taken together, these insights suggest that the supply–demand gap in Jayapura is not merely technical but embedded in broader governance dynamics. Legitimacy is pursued administratively rather than substantively; stakeholder expectations remain unmet; institutional pressures are insufficient; and signals of transparency are diluted. These findings contribute to international literature by illustrating how local socio-political contexts, such as those in Papua, amplify challenges in implementing SR in the public sector.

CONCLUSION

This study set out to analyze the practice of sustainability reporting (SR) in Jayapura City Government through a supply–demand lens. The findings reveal a wide gap between civil servants, who perceive financial and performance reports as sufficient, and citizens, who demand broader disclosures on social, governance, and particularly environmental issues. Document analysis confirmed that Jayapura has yet to issue a formal GRI-based sustainability report, with sustainability dimensions only implicitly embedded in existing financial and planning documents. Theoretically, the study contributes to the literature by demonstrating how multiple frameworks explain the reporting gap in a developing country context. Legitimacy Theory and Stakeholder Theory highlight the tension between formal accountability and substantive societal expectations. Institutional Theory explains the weak regulatory and normative pressures that limit SR adoption, while Signaling Theory reveals how the absence of structured reporting undermines credibility and transparency. By bringing in the underexplored context of Papua, this paper extends public sector SR research to peripheral regions where governance challenges are amplified by geographic isolation and socio-political conditions. Practically, the study underscores the need to strengthen civil servants' capacity to understand and implement GRI-based SR, and to establish clearer national guidelines for sustainability reporting at the local government level. For Jayapura, an immediate step could be to integrate sustainability indicators into existing reports such as the Local Government Financial Statements (LKPD) and Regional Medium-Term Development Plan (RPJMD), thereby transforming reporting from a compliance exercise into a strategic communication tool. The study is not without limitations, particularly the relatively small sample size (45 civil servants and 45 citizens) and its focus on a single city. Nevertheless, these limitations open avenues for

future research, including comparative studies across multiple regions in Papua or cross-provincial analyses. Further studies could also explore how digital technologies, such as SIPD-based e-reporting, can enhance transparency and accessibility for the public. In conclusion, this research not only identifies the supply–demand gap in sustainability reporting in Jayapura but also offers a roadmap for advancing public sector accountability and sustainability in Papua and other developing regions.

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