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# Sustainability accounting and the philosophy of Baudrillard and Foucault: The movement from representation to disciplinary power

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## ABSTRACT

**Background:** This study critically examines sustainability accounting through the philosophical perspectives of Baudrillard and Foucault, highlighting a shift from representation to disciplinary power. While sustainability accounting is commonly perceived as a neutral mechanism for representing environmental and social realities, this study argues that it increasingly operates within a regime of simulation and control. **Methods:** Using a qualitative critical-theoretical approach grounded in Critical Discourse Analysis (CDA), this study analyzes key global sustainability frameworks and reports as discursive artefacts. **Findings:** The findings reveal that sustainability accounting constructs hyperreal representations of ecological reality, where ESG disclosures function as simulacra that obscure material environmental conditions. Furthermore, through a Foucauldian lens, sustainability accounting operates as a disciplinary technology that normalizes corporate behavior through mechanisms of visibility, standardization, and evaluation. As a result, organizations are driven to perform sustainability rather than substantively practice it. **Conclusion:** The study concludes that sustainability accounting should be understood not merely as a representational tool, but as a form of power that shapes knowledge, behavior, and moral expectations within global governance systems. **Novelty/Originality of this article:** This research contributes to the critical accounting literature by offering an integrated philosophical critique that repositions sustainability accounting as both a symbolic and disciplinary apparatus.

**KEYWORDS:** Baudrillard; critical discourse; ESG; Foucault; sustainability accounting.

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## 1. Introduction

In the tradition of modernity, accounting is founded upon the epistemic belief that the world can be represented and controlled through numbers, metrics, and standards (Martínez Pino, 2014; Morgan, 1988). This rationality of measurement emerged from the Enlightenment's faith in representation as the primary means of conquering uncertainty and mastering reality (Mouck, 2004). However, just as modernity has been criticized by poststructural philosophers for separating the "Self" from the "Other," modern accounting also creates a distance between "numbers" and "reality" (Mraović, 2005). Within this separation lies a profound paradox: the more precise and standardized a report becomes, the further it drifts from the reality it seeks to measure. In Environmental, Social, and Governance (ESG) reporting, this paradox materializes in sustainability disclosures that function not merely as mirrors of ecological activity, but as instruments of power that structure how "sustainability" is understood, evaluated, and even believed (Larrinaga &

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Garcia-Torea, 2022). Therefore, sustainability accounting emerges as a new expression of “symbolic domination”, an apparatus of representational power that conceals ecological degradation beneath the moral aesthetics of ethical performance (Alawattage et al., 2023; Koch, 2025).

This study employs Baudrillard's (1981) framework of Simulacrum and (Foucault's (1980) concept of Power/Knowledge to interpret sustainability accounting as both a practice of representation and a mechanism of power. Through these two theoretical lenses, the research unpacks three interrelated layers of critique. First, the Baudrillardian crisis of representation, in which sustainability reports no longer reflect the ecological world but instead generate their own self-referential hyperreality. Second, the Foucauldian mechanism of power, whereby ESG standards, metrics, and ratings operate as disciplinary technologies that normalize the behavior of corporations and investors. Third, the behavioral implications of this regime, where economic subjects act in accordance with the symbolic logic and normative expectations produced by sustainability discourse (Boiral & Heras-Saizarbitoria, 2020; Crossley et al., 2021; Lambert, 2021). The article further distinguishes between two epistemic positions within sustainability accounting: (a) the conventional position, grounded in control and faith in the objectivity of metrics, and (b) the counter-hegemonic position, which rejects the totalization of standards and advocates for narrative, contextual, and epistemic plurality. By juxtaposing these two positions, the study advances from an ontological critique of symbolic reality in sustainability reporting toward a political analysis of power by revealing how accounting functions to produce and sustain green discipline within the global market.

Within the field of accounting, this research is grounded in the paradigm of Critical Accounting, as developed by Hopwood (1987), Dillard & Vinnari (2017), and Jourdain (2021), which conceives accounting not merely as a technical instrument but as a social and political construction. It also engages with the contemporary literature on ESG discourse and sustainability reporting, which highlights how corporate disclosure operates as a mechanism of legitimation (Lai et al., 2016). Unlike studies that evaluate the performance or accuracy of ESG reporting through empirical measurement (Manta et al., 2025; Pizzi et al., 2024; Sun et al., 2024), this article employs Critical Discourse Analysis (CDA) to trace how policy texts and sustainability reports produce and normalize what may be termed “Sustainability Truth” or “Green Truth”, a form of truth constituted not by factual ecological conditions, but by discursive power that shapes how ecological reality is represented, valued, and believed.

The structure of this article follows an argumentative trajectory that moves from representational critique toward an analysis of power and the politics of visibility. Section 2 discusses the contextual background and dynamics of the representational crisis in sustainability accounting, highlighting how ESG reporting has evolved from an instrument of transparency into an arena of symbolic production. Sections 3 and 4 develop the theoretical foundations of the study: Section 3 elaborates Jean Baudrillard's concept of Simulacrum to trace the erosion of the relationship between signs and reality, while Section 4 employs Michel Foucault's framework to conceptualize accounting as a technology of social discipline. Sections 5 through 7 present a critical discourse analysis of sustainability reports and ESG mechanisms as apparatuses of power that construct market behavior. Finally, Section 8 concludes by articulating a conceptual direction toward a paradigm of liberation, a form of accounting freed from the repressive power of representation

## 2. Methods

### 2.1 Research design and methodological approach

This study employs a qualitative critical-theoretical research design grounded in Critical Discourse Analysis (CDA) (Fairclough, 1995). The inquiry is positioned within epistemological traditions that view accounting not as a neutral representational system but as a discursive and political practice. CDA is used as the primary methodological

approach to interrogate how sustainability accounting and ESG frameworks construct meaning, shape organizational perception, and reproduce particular regimes of truth. The aim of this design is to reveal the power structures, ideological assumptions, and discursive formations embedded within contemporary sustainability reporting practices.

CDA is employed not to assess the accuracy or validity of sustainability reports, but to uncover the hidden dimensions of power embedded within sustainability texts and policies. As Fairclough (1995) asserts: "Critical discourse analysis aims to explore how discursive practices contribute to the reproduction of power relations". This statement provides the epistemological foundation of this study: discourse is never neutral but functions as an instrument for producing truth and sustaining social domination. This moral imagery often serves to conceal the underlying logic of capital and green discipline. Therefore, Critical Discourse Analysis (CDA) becomes a methodological tool for examining how "truth" in accounting is not discovered but produced through discursive practices.

## 2.2 Data sources and corpus selection

In this study, the focus of Critical Discourse Analysis (CDA) is directed toward representative texts of the global sustainability regime, including the GRI Universal Standards (2021), IFRS Foundation (2023), and World Economic Forum (2020), along with two key secondary reports: *Climate and Corruption Atlas* (Transparency, 2024) and *Kebohongan Hijau pada Proyek Industri Hijau di Kalimantan Utara* (JATAM Kaltim, 2023). All these texts are interpreted not as empirical data, but as discursive artefacts that reveal how power and morality are produced through the representational practices of sustainability accounting. These documents were selected not for their descriptive accuracy but for their discursive and institutional power. As globally endorsed frameworks produced by influential standard-setters, multilateral institutions, and market-driven rating agencies, they serve as key reference points for corporations, regulators, and investors. Their wide adoption positions them as central sites where sustainability meanings, norms, and moral expectations are constructed and circulated. Because they reflect and reproduce broader power-knowledge relations, these texts provide a critical empirical basis for examining how sustainability accounting becomes standardized, legitimized, and embedded within global governance regimes.

## 2.3 Analytical Framework

The analysis adopts Fairclough's (1995) three-dimensional CDA framework, which examines discourse across interconnected levels as shown in Table 1, (1) textual analysis focusing on linguistic choices, key terms, metaphors, and evaluative claims within sustainability documents; (2) discursive practices involving the production, circulation, and institutionalization of these texts; and (3) the broader sociocultural structures that shape and are shaped by ESG discourse. This framework is complemented by Foucault's (1980) concepts of power-knowledge, normalization, and disciplinary technologies, which enable an examination of how sustainability metrics, audit mechanisms, and reporting standards operate as instruments that regulate organizational conduct and construct regimes of environmental truth.

Moreover, Baudrillard's (1981) theory of simulacra and hyperreality is employed to analyze the ontological dimension of sustainability accounting. This lens enables an examination of how ESG indicators, ratings, and disclosure systems may construct symbolic representations that detach from, and eventually replace, the ecological realities they purport to reflect. By treating sustainability metrics as signs circulating within a self-referential system of meaning, the analysis interrogates how accounting practices can produce hyperreal forms of environmental responsibility, where the sign of sustainability becomes more authoritative than material ecological conditions. This framework aids in identifying moments where sustainability accounting shifts from representation to simulation.

Table 1. Three-dimensional framework of CDA

CDA Dimensions	Description	Example from corpus analysis
Textual analysis	Linguistic features, vocabulary, metaphors, modality	GRI (2021): "Sustainability reporting provides transparency" - high modality creates absolute objectivity
Discursive practices	Production, distribution, consumption of texts	IFRS (2023) produced by global standards bodies, circulated through MSCI rating agencies
Sociocultural practice	Power relations, ideological effects	ESG metrics as disciplinary technology normalizing corporate behavior through visibility mechanisms

Source: Adapted from Fairclough (1995)

#### 2.4 Analytical procedure

The analytical procedure unfolded in a series of systematic steps to ensure conceptual clarity and interpretive rigor (Fairclough, 1995). First, the corpus was coded to identify and map recurring conceptual fields (e.g., sustainability, risk, materiality, transparency, assurance), producing an initial coding frame. Second, a close textual analysis was conducted to examine narrative structures, modality, metaphors, and key claims across texts to reveal how sustainability is linguistically constructed. Third, discursive-practice analysis traced the production, dissemination, and institutional uptake of these texts by identifying authorship, intertextual references, and channels of circulation. Fourth, a Foucauldian reading interrogated the power–knowledge relations and normalization processes embedded in the documents, focusing on how metrics, audits, and standards function as disciplinary technologies. Fifth, a Baudrillardian reading searched for instances of simulacra and hyperreality where signs and scores substitute for material ecological referents. Finally, findings from these analytic strands were synthesized to derive theoretical insights about the intersection of representation, discipline, and the ontological consequences of contemporary sustainability accounting.

#### 2.5 Reflexivity and analytical rigor

As a critical and interpretive inquiry, this study acknowledges the researcher's positionality and the inherently mediated nature of discourse analysis. Reflexive engagement was maintained throughout the analytical process by continually interrogating underlying assumptions and interpretive frames. Analytical rigor was strengthened through iterative and cyclical reading of the corpus, triangulation across diverse sustainability documents, and the pursuit of conceptual saturation to ensure consistency in identifying discursive patterns. The integration of multiple theoretical lenses—Fairclough, Foucault, and Baudrillard—was applied systematically to enhance interpretive depth and maintain coherence across analytical stages.

### 3. Results and Discussion

#### 3.1 The representational crisis and sustainable accounting

In modern accounting discourse, reports are regarded as instruments of truth and morality, where representation is assumed to be identical with reality. Since its emergence within the tradition of modernity, accounting has been rooted in an epistemic conviction that the world can be understood, organized, and controlled through numbers (Porter, 1992; Robson, 1992). The modernist principle situates measurement at the core of rationality, to make things visible and governable (Best, 2017). Within this framework, reporting in accounting is conceived as the product of measurability: the more detailed the numbers presented, the more "true" and "responsible" the represented reality appears to be. This belief is clearly reflected in the normative texts of contemporary sustainability

reporting. As stated by the Global Reporting Initiative (Global Reporting Initiative, 2021), “Sustainability reporting provides transparency on how an organization contributes or aims to contribute to sustainable development. Through consistent metrics, stakeholders can assess and compare the performance of organizations, driving accountability and responsible decision-making.”

The statement reaffirms the modern conviction that truth is synonymous with transparency and metric visibility. Transparency is presumed to generate accountability, while accountability is assumed to automatically produce moral responsibility. Likewise, the IFRS Foundation (2023) formulates the objective of sustainability reporting as follows. “The objective of sustainability-related financial disclosures is to provide information that enables investors to assess an entity’s enterprise value in relation to sustainability risks and opportunities.” This narrative is further reinforced by global institutions that set sustainability reporting standards. For instance, the World Economic Forum (2020) states, “Common metrics allow companies to demonstrate their long-term value creation in a way that aligns financial success with broader societal goals.”

At this point, sustainability reporting no longer functions as a representation but as a system of signs that replaces ecological reality. ESG reports, initially intended to reflect environmental responsibility, now exist within their own symbolic universe, one in which numbers, graphs, and scores become more real than the very Earth they claim to represent (Arvidsson & Dumay, 2022). A dislocation emerges between representation and reality, reports no longer refer to anything outside themselves but instead circulate within a self-referential network of signs in the global sustainability discourse. This phenomenon is sharply captured by Baudrillard (1981), who states, “It is no longer a question of imitation, nor duplication, nor even parody. It is a question of substituting the signs of the real for the real itself”. In this context, sustainability reports function as machines that produce social meaning around what is called “sustainability.” As stated by Cho et al. (2015), “Corporate sustainability discourse is not simply reflective but constitutive; it shapes what is considered sustainable.”

Furthermore, this faith in symbolic reality carries profound epistemic risks. As Power (1997) reminds us, “Auditing and accounting create the appearance of control rather than control itself.” The ESG metric systems, sustainability audits, and narratives of social responsibility embedded in sustainability reports precisely occupy this fourth stage of simulacra. Within this space, sustainability no longer needs to exist materially in order to be perceived as real. It only needs to be signified, narrated, and validated through globally recognized standards (Afolabi et al., 2023; Holden et al., 2021). Sustainability accounting thus becomes an epistemic ritual that continually reproduces its own credibility: the more it is reported, the truer it appears to be. This logic is powerfully captured by Baudrillard (1981), “The simulacrum is never that which conceals the truth—it is the truth which conceals that there is none.”

This statement reveals the deepest paradox of sustainability reporting. What is celebrated as “green truth” in fact functions to conceal the absence of ecological truth behind it (Williams, 2024). In its most perfected form, the report no longer unveils reality but rather serves as a subtle veil that covers its very absence. ESG thus becomes a truth effect, a simulated coherence produced by interlocking signs and metrics, rather than by any genuine relationship with the material world (Chopra et al., 2024; Luo & Tang et al., 2024). Ultimately, representation becomes the simulation of sustainability. As reports, metrics, and audits continuously reinforce one another, they create a closed loop of trust that produces an impression of truth without requiring any external reference. At this point, sustainability accounting reaches the peak of its transformation: from a moral instrument to an ontological machine, from representation to simulacrum, a symbolic system that no longer points to reality, but becomes reality itself (Alawattage et al., 2023; Corazza et al., 2017).

### 3.2 Baudrillardian Ontology: From representation to ethical disconnection

#### 3.2.1 Hyperreality in sustainability accounting

Baudrillard (1981), in his seminal work *Simulacra and Simulation*, argues that postmodern society is characterized by the collapse of the direct relationship between signs and reality. Signs no longer serve to represent the real world; instead, they create an autonomous reality of their own, what he calls “hyperreality”. In this world, meaning no longer emerges from a relationship with something real, but from the endless circulation of mutually reinforcing signs. As Baudrillard (1981) writes, “Today, abstraction is no longer that of the map, the double, the mirror or the concept. Simulation is no longer that of a territory, a referential being or a substance.”

Baudrillard introduces the concept of hyperreality to describe a condition in which the boundary between reality and representation has collapsed. In postmodern society, simulation does not merely imitate reality. It replaces it with something more credible, more believable, and ultimately more real than reality itself (Langman, 2019). Hyperreality is not a deceptive illusion but a reality produced by signs, a world where truth is determined by symbolic consistency rather than empirical experience (Mendoza, 2010). As Baudrillard, (1981) affirms, “We live in a world where the real is no longer what it used to be.”

This statement vividly reflects the contemporary condition of sustainability accounting. In its early stage, accounting served primarily to record transactions and maintain the balance between assets and liabilities. However, as noted by Hopwood (1987), accounting has evolved into a social mechanism that shapes perceptions of the organization itself. It no longer merely records what happens but defines what is understood to have happened. In this sense, accounting becomes an integral part of the production of knowledge and power within modern organizations, an instrument for constructing legitimacy and guiding behavior.

At a deeper level, within the context of ESG, we live in a state of hyperreal sustainability, a world where sustainability reports, scores, and ratings are trusted more than the actual ecological conditions they claim to represent (Boiral & Heras-Saizarbitoria, 2020). Investors, the public, and the media tend to believe ESG numbers more readily than empirical environmental evidence on the ground. A company with a high ESG score can be celebrated as a sustainability pioneer even while maintaining a record of pollution, labor violations, or systemic greenwashing. Within this hyperreality, sustainability does not need to occur in order to be recognized as real. It merely needs to be reported and measured (Boiral & Heras-Saizarbitoria, 2020; Papoutsis & Sodhi, 2020). In this order of hyperreality, investors no longer make decisions based on complex and ambiguous ecological facts but rather on the symbolic trust generated by the reporting system (Yu et al., 2024). Sustainability reports and ESG scores function as moral assurances, comforting signals of virtue, even when the underlying ecological substance remains unchanged. This phenomenon aligns with Power's (1997) observation that, “Auditing constructs assurance; it does not discover it.”

The statement reveals the central paradox of modern accounting: assurance is not found but constructed (Ballou et al., 2018; Farooq & de Villiers, 2018). The processes of ESG auditing and reporting do not uncover truth, they manufacture it through socially accepted procedures. The referential relationship between reporting and the ecological world has undergone an ontological collapse (Chopra et al., 2024; Darnall et al., 2022). For instance, the loss of mangrove forests, river pollution, or the exploitation of local communities is reduced to a single figure such as a carbon offset or social performance index. Ecological complexity and social suffering are re-presented as metric achievements, signifying what can be described as an ontological collapse, the breakdown of the relationship between the sign and the signified. Reporting no longer functions to reveal the world, but rather to conceal its absence (Kopnina et al., 2024).

### 3.2.2 *The aesthetics of responsibility: Ethics as performance*

In the world of hyperreality, ethics loses its substance and transforms into an aesthetic display. Sustainability reporting now functions as a visual medium of virtue, dominated by shades of green, appealing infographics, and emancipatory narratives carefully crafted to showcase corporate goodness. Baudrillard & Violeau (1965) describes this condition as, “the ecstasy of communication, where appearances have replaced essence.” In the context of ESG, responsibility is no longer enacted but performed. Ethical action is reduced to a display of virtue, ensuring that organizations appear responsible in the eyes of the public, even as the moral depth of those actions has evaporated (Kopnina et al., 2024). The concept of aesthetics of responsibility signifies a shift from moral commitment to moral performance (Hills, 2018). Accountability is measured aesthetically, through the visual appeal of reports, the completeness of indicators, and their conformity with global frameworks such as GRI or ISSB. Responsibility thus becomes a procedural compliance practice, rather than an ethical reflection on the ecological and social lives affected. Reports on gender equality, diversity, or biodiversity management, polished, standardized, and metrically precise, often function as moral spectacles, performances that obscure the realities of wage exploitation, environmental degradation, or the marginalization of local communities (Haque & Jones, 2020; Kopnina et al., 2024). Ultimately, the aesthetics of responsibility represents the culmination of the simulacrum logic, where moral beauty replaces ethical depth, and responsibility becomes nothing more than a standardized performance.

### 3.2.3 *Dehumanization and De-ecologization of ethics*

The evolution of sustainability accounting no longer relies on external referents such as the Earth, communities, or ecosystems; instead, it now produces its own version of truth (Gil-Marín et al., 2022). Trapped within the order of hyperreality, what disappears first is the very capacity to refer to real suffering and destruction ((Baudrillard, 1981). Sustainability reports generated within global symbolic systems no longer speak of contaminated lands, displaced communities, or extinct species, but of achievements, scores, and verifiable progress (Arvidsson & Dumay, 2022). In this process, ethics shifts from the substantive to the procedural, no longer a moral commitment to life itself, but a compliance with reporting formats..

This process marks the de-ecologization of ethics, the erasure of the ecological dimension from moral responsibility (Pechočiaková Svitačová, 2024). The elegance of carbon tables, energy efficiency charts, and standardized social indices replaces the reality of vanished mangrove forests, polluted rivers, and displaced local communities. The world, once the object of care, is now represented as data to be manipulated and traded. Baudrillard (1983), in *In the Shadow of the Silent Majorities*, captures this condition incisively, “The masses are no longer subjects of ideology but of simulation.”

This expression further signifies the dehumanization of ethics. Stakeholders, such as accountants, investors, and regulators, no longer seek truth itself, but rather the signs of truth. Their trust is no longer directed toward the ethical face of affected communities, but toward formalized and certified symbols of ethics (Boiral & Heras-Saizarbitoria, 2020; Papoutsi & Sodhi, 2020). Sustainability accounting thus becomes a moral system without morality, in which responsibility is measured, reported, and endlessly repeated until it loses its original meaning. In such a condition, ethics is reduced to a communication strategy, a tool to build reputation, reassure investors, and manufacture legitimacy. Consequently, sustainability reporting no longer reflects ecological awareness but becomes a stage where morality is commodified and resold as trust (Alawattage et al., 2023; Landrum & Ohsowski, 2018) As Laine et al. (2021) observes, “Sustainability reports construct a reality in which organizations appear accountable, regardless of their actual impacts.”

Within the Baudrillardian (1981) framework, this represents the moment when the simulacrum of ethics replaces ethics itself, organizations no longer need to be substantively

responsible as long as they appear responsible. Accountability thus becomes an aesthetics of responsibility: beautiful, measurable, and standardized, yet devoid of moral depth (Haque & Jones, 2020; Kopnina et al., 2024). In this sense, sustainability accounting functions as a semiotic mechanism that transforms morality into performance.

This evolution ultimately reveals an ontological ethical crisis, a moment when signs replace values and performance replaces responsibility. Sustainability accounting no longer engages with the ethical substance of ecological action but with ethical signs that are calculated and displayed (Boiral & Heras-Saizarbitoria, 2020). In this condition, numbers and reports not only conceal reality but also erase the very possibility of relating ethically to the world beyond the reporting text. The crisis of representation born from economic modernity thus transforms into a crisis of moral (humanistic) meaning, where ecological truth is supplanted by symbolic performance mistaken for responsibility itself (Baker, 2007).

### *3.3 Simulacrum as power technology: Foucauldian analysis*

The collapse of reference in Baudrillard's view does not result in chaos but rather in a reconfiguration of order. When the signs of sustainability replace the ecological world they once claimed to represent, this symbolic order produces an epistemic condition that is simultaneously stable and hollow, stable through quantification, comparison, and control, yet hollow because its referent, the living and suffering ecological world, has been expelled from discourse (Khan, 2024; Kopnina et al., 2024). Within this hyperreal landscape, the ESG system transforms ecological uncertainty and ambiguity into measurable categories, making that which is unruly appear governable.

Within this void of meaning, Foucauldian power finds its most fertile ground for operation. Foucault (1980) rejects the classical distinction between knowledge and power. For him, knowledge is never neutral; it is always embedded in power relations that shape how human beings understand and govern the world. Knowledge does not merely describe reality, it produces a "regime of truth", a discursive order that determines what can be said to be true, who is authorized to say it, and how that truth must be recognized. As Foucault (1978) asserts in *Discipline and Punish*, "Power and knowledge directly imply one another; there is no power relation without the correlative constitution of a field of knowledge."

In the context of sustainability accounting, ESG reporting functions not merely as a technical information tool but as an epistemic mechanism that produces and legitimizes what may be called "green knowledge." Through the standards, indicators, and narratives constructed by global institutions, sustainability reporting establishes a new truth regime about the ecological world (Gao et al., 2025). In other words, sustainability accounting operates as a technology of normative truth production, a mechanism that disciplines how society thinks and speaks about environmental ethics.

Within the framework of modernity, accounting attains its status as a "scientific" practice through its capacity to produce truth via numbers (Fauré et al., 2019). Through this logic, accounting functions not merely as a reporting system but as a knowledge regime, a discursive formation that shapes how we understand organizations, the economy, and even morality. Miller & Rose (1990) articulate this point clearly, "accounting makes organizations thinkable and governable."

This statement underscores that by providing categories, measurements, and indicators, accounting determines what is considered significant, what must be managed, and what can be ignored. In the context of sustainability, this epistemic function transforms into a new form of power/knowledge. Through global standards such as GRI, ISSB, and WEF, ESG reporting produces a "sustainability truth." Using language that appears neutral and universal, these standards prescribe how organizations should speak, think, and act about sustainability (Friske et al., 2024).

### 3.3.1 *The panopticon of virtue: Discipline through visibility*

Previously, the Simulacrum had erased any reference to the real world, creating an autonomous symbolic system. At this stage, Foucauldian (1980) finds its new mode of operation, the surveillance of signs. Here emerges a mechanism of visibility that compels individuals and institutions to feel constantly observed, even in the absence of an actual observer. This is illustrated through the panopticon metaphor, a prison design proposed by Jeremy Bentham in 1791, where inmates never know when they are being watched, leading them to become the guardians of their own behavior. Foucault (1978) articulated this dynamic sharply; visibility is a trap.

In the context of sustainability accounting, this logic manifests as a digital panopticon through the ESG reporting system. Every organization is compelled to constantly present itself as transparent, responsible, and sustainable. ESG reporting creates a condition in which corporations live under a regime of permanent visibility, always seen, always comparable, and always ready to be audited (Friske et al., 2024). The greatest fear is no longer legal violation or actual ecological harm, but rather the loss of symbolic legitimacy, a drop in rankings, a decline in ESG ratings, or the erosion of market trust (Aboud & Diab, 2019; Tang et al., 2024). Thus, disciplinary power operates not through physical coercion, but through the pressure to appear morally correct before the symbolic gaze of the global market. Every organization is now seen, evaluated, and compared not by a single authority, but by a network of rating agencies, auditors, media, and investors. As Foucault (1982) asserts in *The Subject and Power*, “the individual is not the vis-à-vis of power; he is one of its prime effects.”

This explicitly reveals that the individual is a product of power relations themselves. Corporations no longer merely respond to external regulations. They internalize ESG values as moral and professional truths. Consequently, market behavior is governed not only by economic calculation but also by the desire to be seen as sustainable. At the same time, investors increasingly prefer “clean” portfolios (Boiral & Heras-Saizarbitoria, 2020). This selection process represents the most advanced form of disciplinary accounting: a system in which accounting no longer reflects morality but technically governs it. Through indexes, dashboards, and certifications, responsibility becomes an algorithm (Chopra et al., 2024).

### 3.4 *The mechanisms of local narrative nullification*

#### 3.4.1 *Ontological reduction through measurability*

One of the primary mechanisms of epistemic nullification within the global sustainability discourse is the ontological reduction through metricization. International standards such as the Global Reporting Initiative (2021) emphasize that, “Consistent metrics and comparable disclosures enhance accountability and drive responsible decision-making.” This statement conceals a specific epistemic logic: sustainability is only recognized as “truth” when it can be measured and compared. Within this framework, social and ecological realities are converted into systems of numbers and indicators that can be controlled, thereby reducing human experience and ecological complexity into data exchangeable within the global moral marketplace (Aboud & Diab, 2019; Tang et al., 2024). In contrast, local reports such as JATAM Kaltim (2023) narrate that: “Residents have lost their living spaces and water sources, while the so-called ‘green’ projects obscure their suffering.”

The global discourse’s glorification of measurability is not merely a technical function, but an ideological one: it regulates what counts as “legitimate knowledge” and what does not (See table 2). By converting the complex ecological reality into indicators such as carbon offset or water efficiency, the global reporting system performs an ontological erasure of what cannot be measured (Gao et al., 2025). In this process, sustainability accounting loses its ethical relation to the lifeworld, replacing it with the abstract world of numbers (Morgan, 1988; Martínez Pino, 2014). Ultimately, under the banners of transparency and

accountability, the system forecloses the possibility of alternative, unquantifiable truths, rendering community suffering, ecological loss, and spiritual relations to the land as “irrelevant” within the moral economy of global sustainability (Kopnina et al., 2023).

### *3.4.2 The logic of universality and context absence*

The mechanism of local narrative erasure operates through a logic of universality and decontextualization, a discursive strategy that presents global moral language as neutral and objective while subtly erasing local histories and politics (Chopra et al., 2024). The International Sustainability Standards Board (ISSB, 2023) document explicitly states that, “the objective of sustainability disclosures is to provide information useful to investors in assessing enterprise value.” In this statement, sustainability is narrowly interpreted as a function of enterprise value as shown in table 2, an approach that privileges the interests of global investors while marginalizing social and ecological dimensions that do not directly generate market returns (Boiral & Heras-Saizarbitoria, 2020; Lambert, 2021). Thus, “sustainability” is sublimated into a calculative instrument serving the logic of transnational financial capitalism. In contrast, the JATAM Kaltim (2023) report asserts: “Green industrial projects in North Kalimantan marginalize Indigenous communities under the pretext of sustainable development.”

This narrative reveals that sustainability at the local level is never neutral; it is always entangled with the politics of livelihood spaces, the colonial history of energy, and the power relations between the state, corporations, and communities. From this local perspective, sustainability is not about enterprise value but about existential value (Sabau, 2024). This process produces what may be termed a de-historicization and de-politicization of ethics (Menton et al., 2020).

### *3.4.3 Moral signifiers and the framing of legitimacy*

The next stage in the erasure of local narratives operates through moral signifiers that function as instruments of ethical framing and legitimation. In the global discourse, terms no longer act as substantive moral values, but rather as performative symbols that reinforce institutional legitimacy (Bosi et al., 2022). As stated by the World Economic Forum (2020, p. 6), “Transparency builds trust and accountability, aligning corporate purpose with societal good.” This presents transparency as a universal moral signifier, implying that the mere disclosure of information automatically guarantees justice and social responsibility. Yet, as Foucault (1980) reminds us, truth reproduced within a regime of power is not a reflection of morality but a mechanism for producing obedient subjects who conform to the norms generated by that very power. In contrast, the Transparency International (2022) reports, “Many climate projects have failed due to systemic corruption and collusion between corporations and the state.”

In this narrative, formal transparency becomes an ethical screen that conceals structures of power, corruption and collusion that should, in fact, be the focal point of moral critique. In other words, when sustainability reports perform transparency as spectacle, they divert attention from the substance of justice toward a ritual of compliance (Vigneau & Adams, 2023)/ What emerges on the surface is not genuine social responsibility but the aesthetics of responsibility (Hills, 2018). As a result, counter-reports such as JATAM Kaltim (2023) and the Transparency International (2020) are discursively neutralized, not because their arguments are weak, but because they speak in an idiom unrecognized by the global truth regime. Within a Baudrillardian (1980) logic, this marks the moment when truth effects fully replace truth itself. “It is the truth which conceals that there is none.” The moral signifiers within the global ESG discourse are not reflections of genuine ethics but instruments of power that display morality while concealing its absence (See table 2). Transparency, in this context, no longer signifies openness to reality, but rather openness to surveillance (Foucault, 1980).

Table 2. Comparative discourse analysis

Discourse aspect	Global discourse (GRI/IFRS)	Local narrative	Key contrast
Representation of sustainability	Metrics-driven transparency	Material impacts on communities	Global: Hyperreal signs replace reality; Local: Ontological erasure of lived suffering
Mechanisms of truth	Standardization & normalization via ESG ratings	Critique of greenwashing & corruption in projects	Global: Disciplinary visibility; Local: De-politicization exposed
Moral framing	Universal ethics	Existential threats to Indigenous livelihoods	Global: Aesthetics of responsibility; Local: De-humanization revealed
Power relations	Investor-focused enterprise value	Corporate-state collusion marginalizing locals	Global: Epistemic nullification; Local: Resistance narrative
Moral signifiers	Transparency builds trust	Conceals systemic corruption	Global: Ethical screen; Local: Power exposure

### 3.5 Reclaiming the ethical dimension of accounting

The crisis of the simulacrum, as articulated by Baudrillard (1980), which silences ecological reality and reduces the meaning of morality, underscores the urgency of reclaiming the ethical dimension of accounting from the domination of signs and calculation. Accounting must be rescued from its role as a sterile technology of compliance and restored as a reflective practice rooted in lived experience (Kraus et al., 2024). The ethics of accounting in the future cannot be built upon formulas and indicators, but upon living relationships with the world, relationships that recognize humans, communities, and nature as partners in the process of accountability (Castelo Branco et al., 2024) Only through such authentic connectedness can accounting recover its function as a moral language that listens, rather than merely reports.

One of the fundamental roots of the loss of ethical depth in modern accounting lies in the dominance of the compliance ethics paradigm. Within this paradigm, morality is measured by adherence to predefined rules, standards, and metrics (Morgan, 1988; Martínez Pino, 2014). The result is the emergence of obedient but unconscious subjects, individuals and organizations that behave “correctly” out of procedural obligation rather than ethical awareness of the consequences of their actions. In the context of ESG, sustainability reporting teaches morality as compliance: the more complete the disclosure, the higher the perceived ethicality (Chopra et al., 2024; Escrig-Olmedo et al., 2019).

These practices embody what may be termed reflective accounting, a form of reporting that does not merely demonstrate compliance but invites moral reflection and substantive responsibility (Kraus et al., 2024). Within this framework, accountants no longer act as neutral information providers but as moral mediators, facilitators of ethical dialogue among organizations, communities, and the environment (Tarasevych & Chyzhevskaya, 2023). Reflexivity replaces compliance; awareness replaces performance. A concrete example can be found in counter-accounting initiatives produced by civil society, such as the Nugal & Jamal (2023). Such reports are not merely critiques of greenwashing but expressions of alternative ethics, voices that resist subjugation by metrics and technocratic language. Through such initiatives, accounting reclaims its role as a living moral arena, where ecological and social truths are negotiated openly rather than dictated by sustainability scoring algorithms.

## 4. Conclusions

The study reveals that sustainability accounting has undergone a fundamental transformation from a representational practice into a regime of symbolic and disciplinary power. Rather than reflecting ecological reality, sustainability reports increasingly operate as simulacra that construct a hyperreal moral landscape in which signs of sustainability circulate independently of material conditions. This displacement of ecological truth indicates that the crisis confronting contemporary accounting is ontological, not technical. Through a Foucauldian perspective, the study further demonstrates that ESG standards, audits, and ratings function as technologies of normalization that shape organizational conduct by embedding moral expectations within mechanisms of visibility and comparison. Transparency, typically framed as an ethical ideal, thereby becomes an instrument of surveillance that disciplines both corporations and investors into conformity with globally sanctioned sustainability norms. In this sense, green governance produces subjects who appear responsible through reporting rituals rather than through substantive ecological action.

This combined analysis advances an original contribution by showing that the convergence of simulacral representation and disciplinary power erodes the ethical relationship between accounting and the living world. When sustainability is reduced to metrics, organizations learn to perform responsibility rather than practice it, resulting in an ethical inversion in which the image of responsibility replaces responsibility itself. The study argues that overcoming this epistemic and moral impasse requires reimagining accounting as an anti-disciplinary and reflexive practice. Such an approach repositions accounting not as an instrument of surveillance but as a moral dialogue among organizations, communities, and ecosystems. Ultimately, the study contributes to the field by proposing a paradigm of accounting grounded in ontological responsibility rather than representational precision. It highlights the need for accounting practices that witness, care for, and sustain the ecological and social worlds they engage with. True sustainability, as the study concludes, lies not in the perfection of reporting systems but in the continuity of life they enable.

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## Author Contribution

The author confirms that all contributions to this work were carried out solely by the author, including conceptualization, methodology, formal analysis, investigation, resources, data curation, writing, original draft preparation, writing, review and editing, visualization, project administration, and validation. No other individuals contributed to the design, execution, analysis, or preparation of this manuscript. Conceptualization, Author; Methodology, Author; Formal Analysis, Author; Investigation, Author; Resources, Author; Data Curation, Author; Writing – Original Draft Preparation, Author; Writing – Review & Editing, Author; Visualization, Author; Validation, Author; Project Administration, Author. The author completed all aspects of this work independently.

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This study did not involve human participants, animals, or sensitive data and therefore did not require approval by an institutional ethics committee.

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Informed consent was not required for this study because no human data, participation, or identifiable information was involved.

### **Data Availability Statement**

All materials used in this study consist of publicly accessible documents and published reports; therefore, no additional datasets are associated with this article.

### **Conflicts of Interest**

The author declares no conflict of interest, and the study was conducted independently of any institutional or financial influence.

### **Declaration of Generative AI Use**

During the preparation of this work, the author used ChatGPT (OpenAI) to assist in refining the clarity, structure, and academic tone of the manuscript. After using this tool, the author reviewed, revised, and edited all content as necessary and takes full responsibility for the final version of the publication.

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