

## Critical Review of XBRL Financial Reporting: Perspective Pancasila as One of Indonesia's National Defense Values

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### Abstract

*Implementing XBRL (eXtensible Business Reporting Language) reporting, which has been mandatory since 2015, has been a significant development in Indonesia. However, as a concept adopted from developed countries, XBRL may not fully align with Indonesia's national defense values of Pancasila. This research critically reviews the implementation of XBRL financial reporting, emphasizing its alignment with Pancasila as one of the Indonesian national defense values. This study focuses on the implementation, challenges, and impact of XBRL financial reporting. To further understand the relationship between Pancasila and XBRL, this study uses case studies on three government banks, the pioneers in implementing XBRL financial reporting. The critical analysis, particularly from the perspective of Pancasila values, demonstrates that XBRL can enhance the integrity, standardization, transparency, comparability, and public trust in companies, thereby positively impacting long-term performance. These findings not only provide a crucial basis for further research but also offer practical implications for companies to immediately implement XBRL, aligning with the Pancasila as the noble values of the Indonesian nation.*

**Keywords:** *Indonesia national defense value, integrity, Pancasila, XBRL financial reporting.*

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## INTRODUCTION

Financial reporting is one of the crucial aspects in the world of business and finance (Aini & Dewi, 2022; Lukitoyo et al., 2023; Nugroho & Anwar, 2022; Putra et al., 2022). Through financial reporting, companies can present relevant and trustworthy financial information to stakeholders, including investors, creditors, the government, and the general public. The information presented in financial reports serves as a basis for making economic decisions and evaluating company performance (Dahurandi & Nase, 2023). Therefore, reliability and transparency in financial reporting are very important. However, in practice, various challenges and problems often interfere with the integrity of financial reporting. One of them is the emergence of cases of financial report manipulation and fraud manipulation, which harm many parties.

Financial reporting in Indonesia has developed following the global need for transparent and standardized financial reporting, such as XBRL (eXtensible Business Reporting Language). The obligation to submit financial reports in XBRL format has been implemented since November 2, 2015 (BEI, 2019). According to (Scott, 2015), accounting information that is useful for investors will fulfill the concept of decision usefulness of information. However, the decision usefulness of the information was questioned by Cooper and Sherer (Sudaryanti et al., 2015) for its rightness. They suggested that important considerations should be taken into account for market-based research. Since every country has different values, the considerations include for the researcher to contemplate different approaches to assess accounting information with broader perspectives. Thus, this research critically reviews the XBRL financial reporting information from the national defense values of Pancasila as one of its values.

The integrity of financial reporting in Indonesia must align with the noble values contained in Pancasila, as the nation's ideology and way of life (Bo'a, 2018). Pancasila, which consists of five principles, namely Belief in One God, Just and Civilized Humanity, Indonesian Unity, Democracy Led by Wisdom in Deliberation/Representation, and Social Justice for All Indonesian People, provides a strong moral and ethical basis in every aspect. Community life, including in the world of business and finance (Bararoh et al., 2019; Widyorini & Yasminingrum, 2023). Pancasila values can be a guide for companies in running their business honestly, fairly, and responsibly (Famauri, 2019; Fatayati & Mahardika, 2021).

The implementation of national defense values such as Pancasila in financial reporting practices is expected to create a healthier and more sustainable business climate (Sintara & Suhaidi, 2019). When companies adhere to the principles of the national defense value Pancasila, they not only pursue profits but also pay attention to employee welfare, community interests, and environmental sustainability (Agung, 2021; Witono et al., 2021). This can prevent fraudulent practices in financial reporting, such as data manipulation, embezzlement of assets, and presentation of misleading information (Wandani & Dewi, 2021). Thus, financial reporting based on Pancasila values can increase public trust in companies and overall economic stability (Mulyaningrum et al., 2022; Siska Marlina, 2022).

However, despite the importance of Pancasila's national values in state life and national integrity as a citizen's obligation, empirical research regarding its implementation in financial reporting is still limited (Putri & Dewi, 2022; Wen Lee & Ande, 2022). Implementing these values in XBRL financial reporting has never been studied. There is a need to dig deeper into how companies in Indonesia integrate the national values of Pancasila in their financial reporting practices, considering that XBRL financial reporting is something that companies and the government cannot avoid. For example, in terms of taxation, the Director General of Taxes has made regulations for several companies to be obliged to implement financial reporting with the XBRL taxonomy. A comprehensive literature review is important and will help identify challenges, opportunities, and best practices for implementing Pancasila values in financial reporting. This is not only beneficial for companies but also for policymakers and academics interested in this field.

The research problem raised in this study is how Pancasila values, as one of the national defense values, are implemented in XBRL financial reporting practices in Indonesia. Important questions need to be answered, such as the extent to which companies apply Pancasila values in preparing financial reports, what challenges they face in this process, and what impact the implementation of Pancasila values has on the transparency and reliability of financial reports. Thus, the research questions that guided this study were:

**RQ: How do Indonesia's national defense values of Pancasila apply in XBRL's financial reporting?**

The question is triggered by Young's (2003) question: "What values/characteristics do we believe should guide us in selecting specific accounting practices?" Therefore, we used a case study of three government banking companies implementing XBRL financial reporting to answer the RQ. The type of banking industry was chosen because it was one of the first industries to implement XBRL financial reporting. A government-owned bank like Bank Indonesia was also the first company to adhere to XBRL. This research aims to conduct a comprehensive literature review regarding the implementation of the national defense of Pancasila values in XBRL financial reporting practices in Indonesia. Specifically, this research aims to identify and analyze how companies in Indonesia integrate Pancasila values in their XBRL financial reporting, reveal the challenges and obstacles they face, and evaluate the impact of implementing Pancasila values on the reliability and transparency of XBRL financial reporting. This research will provide in-depth and useful insights for developing more ethical and sustainable financial reporting practices in Indonesia. By critically evaluating the intersection of financial reporting technologies and Pancasila as national defense principles, this study offers a unique perspective on how technological innovations in the financial sector can bolster national security and economic sovereignty.

## RESEARCH METHOD

This research uses a qualitative approach with a comprehensive literature review method to identify and analyze the implementation of Pancasila values in financial reporting practices in Indonesia. The literature review method was chosen because it allows researchers to collect, analyze and synthesize various studies and publications relevant to this topic (Snyder, 2019). The research process began with identifying sources of literature related to Pancasila values, financial reporting, and business ethics. These sources include academic journals, books, research reports, as well as policy and regulatory documents published by governments and related institutions. Inclusion and exclusion criteria were set to ensure that only relevant and high-quality literature was included in the analysis.

Next, the selected literature was analyzed in depth to identify patterns, themes, and key findings related to implementing Pancasila values in financial reporting. This analysis includes assessing how Pancasila values are applied in financial reporting practices, the challenges faced, and their impact on the integrity and transparency of financial reporting. Coding and category techniques are used to organize and interpret data systematically (Snyder, 2019). In addition, case studies from several companies in Indonesia that have implemented Pancasila values in their financial reporting are also reviewed to provide concrete and in-depth examples of best practices. The triangulation method was used to increase the validity and reliability of the findings by combining various data sources and perspectives.

The analysis results are then compiled into a narrative that describes the relationship between Pancasila values and financial reporting practices and recommends ways to improve the implementation of these values in the future. With this approach, it is hoped that this research can provide comprehensive and in-depth insight into the importance of integrating Pancasila values in financial reporting and its contribution to increasing trust and transparency in the Indonesian business world.

## RESULTS AND DISCUSSION

### **Pancasila Values as One of Indonesia's National Defense Values**

Five national defense values include first, love of the homeland; second, being aware of the nation and state; third, believing that Pancasila is the state ideology; fourth, being willing to sacrifice for the nation and state; and lastly, having the initial ability to defend the country. This research only studies the belief that Pancasila is the state ideology. Therefore, for the next section, we will use the term Pancasila as the representation of Indonesia's national defense values. Pancasila as the basis of the state and ideology of the Indonesian nation includes five precepts, which are the main guidelines in national and state life (Dahurandi & Nase, 2023; Frindiyanı et al., 2023; Jayanti & Sowiyah, 2023; Maulida et al., 2023; Sutrisno & Prayitno, 2023). Each principle of Pancasila has fundamental values that can be applied in various aspects of life, including financial reporting

practices. The first principle, Belief in One Almighty God, emphasizes the importance of morality and ethics in carrying out business activities, inviting companies to act with integrity and honesty. The second principle, Just and Civilized Humanity, demands fair treatment of all parties involved in business, including employees, shareholders, and society. The third principle, Indonesian Unity, encourages cooperation and social cohesion in a diverse business environment. The fourth principle, Democracy Led by Wisdom in Deliberation/Representation, teaches the importance of democracy and participation in decision-making. Finally, the fifth principle, Social Justice for All Indonesian People, emphasizes society's fair distribution of benefits and opportunities.

### **XBRL Financial Reporting**

Financial reporting is the process of presenting financial information about an entity, usually in the form of financial reports, which consist of a balance sheet, profit and loss statement, cash flow report, and notes to financial reports (Board, 2010). This information is critical for stakeholders, including investors, creditors, and regulators, to make informed economic decisions (Shanti et al., 2023). The basic principle of financial reporting is the presentation of relevant, reliable, and comparable information (Baroto, 2022; Budai & Denich, 2022). International accounting standards such as IFRS (International Financial Reporting Standards) and GAAP (Generally Accepted Accounting Principles) set guidelines that companies must follow in preparing their financial statements (Sri, 2022).

In the current digital 5.0 era, data processing in business is becoming increasingly sophisticated. One technological development that facilitates the business reporting process is the Extensible Business Reporting Language (XBRL). XBRL is an electronic communications language universally used for the transmission and exchange of business information, improving preparation, analysis, and accuracy processes for various parties that provide and use business information. An institution can prepare information reporting based on XBRL. The benefits of using XBRL are to increase efficiency, speed, and automate data processing, which can support the analysis process and quality of information that will be used for company decision-making (Tawiah & Borgi, 2022). XBRL is currently used in reporting processes in various sectors, including banking, insurance, securities regulators, data providers, and taxation.

The implementation of an XBRL-based financial system began in 2015 by IDX - the Indonesia Stock Exchange (BEI). The Indonesian Stock Exchange has completed its first taxonomy, namely the Indonesia Stock Exchange (IDX) Taxonomy 2014, which was published on April 30, 2014. The taxonomy currently in effect has been finalized through a public review process carried out in March 2014. Effective June 5, 2014, the IDX taxonomy received "acknowledgment" status from and provisions of the Financial Services Authority (OJK) that are relevant and valid, and represent the characteristics of companies in each industrial sector and sub-sector classified by the IDX (BEI, 2014).

Financial Reporting via XBRL has become a key element in bringing transparency and efficiency in exchanging financial information among companies and regulators. The sustainability of the company's business is becoming increasingly critical amidst the complexity of economic, social, and environmental challenges, as well as the economic crisis (COVID-19 pandemic, Ukrainian crisis, Palestinian crisis, etc.). The economic challenges and crises that hit

the world, including Indonesia, have the potential to increase risk and uncertainty. Information becomes very important in this context, especially in the financial and investment sectors. When there is a wide information gap, financial decisions are not optimal. Someone can exploit information gaps to gain benefits from other parties. This phenomenon is known as asymmetric information. XBRL reporting is expected to solve information asymmetry with XBRL's ability to provide fast and accurate information. However, information asymmetry can initiate window dressing, including fraudulent financial reporting. The impact can endanger the quality of financial reports and trust in financial report preparers (accountants). Previous research results prove a difference between the quality of financial reports and the tendency for fraudulent reporting before and after the implementation of XBRL (Debreceeny et al., 2011; Liu et al., 2017; D. Wijaya & Suryaningrum, 2021). Therefore, the national character, or the values underlying a country's philosophy, is important to explore and integrate into XBRL reporting practices.

### **The Relationship Between Pancasila and XBRL Financial Reporting**

Integrity in financial reporting means presenting information that is honest and in accordance with reality without any manipulation or distortion (Reid et al., 2024). Transparency refers to providing information that is clear, complete, and easily accessible to stakeholders (Sabry & Hussein, 2023). These two aspects are very important for building trust between a company and its stakeholders. Dishonest or non-transparent financial reporting can lead to a crisis of trust, which in turn can have a negative impact on economic stability and company reputation (Al Dulaimi & Kadhim, 2022; Prekazi, 2022; Wahhab et al., 2022). Therefore, various regulations and accounting standards require companies to present their financial reports with a high level of integrity and transparency.

Implementing Pancasila values in XBRL financial reporting can strengthen integrity and transparency. The value of God Almighty requires companies to act ethically and follow high moral principles. This means there is zero tolerance for fraud or manipulation in financial reporting. Fair and Civilized Human Values encourage companies to treat all stakeholders fairly, reflected in the presentation of honest and transparent financial information. The value of Indonesian Unity can be translated into efforts to ensure that financial information can be accessed and understood by all interested parties, not just certain groups. Popular Values Led by Wisdom in Deliberation/Representation emphasize the importance of participation and accountability in preparing financial reports. Finally, the value of Social Justice for All Indonesians requires companies to ensure that their financial reporting reflects the fair distribution of resources and opportunities.

### **Implementation of Pancasila Values in XBRL Financial Reporting**

This research found that implementing Pancasila values in financial reporting practices in Indonesia varies between companies, depending on each organization's size, sector, and culture. In general, larger and more diversified companies tend to be more aware and active in integrating Pancasila values into their practices (Sopia et al., 2023). The principles of the Almighty God can be seen in the company's efforts to maintain integrity and ethics in preparing financial reports

(Maulida et al., 2023). Some companies have strict codes of ethics and conduct regular training for employees on the importance of ethics and integrity in their work. In addition, strong internal supervision and independent external audits are also implemented to ensure that financial reports are prepared under applicable accounting standards and do not contain fraud (Lukitoyo et al., 2023). This will lead to the assurance of data and information (Hoitash et al., 2021).

The second principle, Fair and Civilized Humanity, is reflected in the company's commitment to presenting fair and impartial financial information (Jayanti & Sowiyah, 2023). Companies strive to not only meet legal and regulatory requirements but also to exceed expectations by presenting complete and clear information to all stakeholders (Karimullah, 2023). Some companies even involve employees and other stakeholders in the process of preparing financial reports to ensure that all voices are heard and considered (Afifah & Fadilah, 2023). This shows an effort to treat all parties fairly and respect their rights.

Implementation of the values of Unity of Indonesia can be seen from the company's efforts to ensure that financial information can be accessed by all stakeholders, including those in remote areas or who do not understand complex financial terminology (A. U. Wijaya & Ayumeida Kusnadi, 2023). Several companies use digital technology and web-based platforms to make it easier to access financial information (Anggistya & Abdillah, 2023). Apart from that, the company also provides financial reports in easy-to-understand language and explains technical terms in a simpler way. This shows the company's commitment to maintaining social cohesion and unity among diverse stakeholders (Agussalim et al., 2023).

The fourth principle, Democracy Led by Wisdom in Deliberation/Representation, can be seen in company practices that prioritize participation and transparency in decision-making regarding financial reporting (Kurniawan et al., 2023). Some companies hold open and transparent general shareholder meetings, where all shareholders are allowed to ask questions and provide input. Companies also try to involve stakeholders in the internal and external audit process to ensure that financial reports reflect actual conditions and that no information is hidden (Azhari & Rosyad, 2023).

Lastly, the value of Social Justice for All Indonesians is reflected in companies' efforts to ensure that their financial reports reflect a fair distribution of resources and opportunities (Oktarina et al., 2023). Some companies have strong sustainability and social responsibility policies, which include reporting on the social and environmental impacts of their business activities. The company also strives to ensure that the profits obtained are not only enjoyed by shareholders but also provide benefits to employees, communities and the surrounding environment.

### **Challenges in the Implementation of Pancasila Values**

Although there have been many efforts to integrate Pancasila values in financial reporting, this research also found several challenges faced by companies. One of the main challenges is resistance to change, especially in companies that have been operating for a long time and have a strong organizational culture (Dahurandi & Nase, 2023). Some managers and employees may feel reluctant to adopt new practices that are considered more complex or burdensome (Sugiarto & Asnawi, 2023). Apart from that, a lack of understanding and awareness of the importance of Pancasila values in financial reporting is also an obstacle (Widyorini & Yasminingrum, 2023).

Some companies may not have the resources or capacity to provide adequate training and education to their employees.

Another challenge is limited resources, both in terms of time, energy, and costs (Afifah & Fadilah, 2023). Implementing Pancasila values often requires additional investment in information system development, employee training, and business process changes (Tentero, 2023). Companies that have limited resources may find it difficult to meet these demands. Apart from that, there are also challenges related to short-term business pressures (Zudana, 2023). Some companies may feel pressured to achieve short-term profit targets, which may encourage them to take shortcuts in financial reporting and ignore the ethical values mandated by Pancasila.

### **Impact of Implementing Pancasila Values**

This research finds that the implementation of Pancasila values in financial reporting has a positive impact on the integrity and transparency of financial reports. Companies that adopt Pancasila values tend to have more honest, accurate, and reliable financial reports. This increases public trust in companies and helps create a healthier and more sustainable business environment (Putra et al., 2022). In addition, companies that integrate Pancasila values in their financial reporting practices also tend to perform better in the long term. Empirical studies show that companies committed to ethical and transparent practices tend to have a better reputation, which in turn attracts more investors and customers (Witono et al., 2021).

Implementing Pancasila values also helps companies to be more responsive to the needs and expectations of stakeholders. By involving stakeholders in preparing financial reports and ensuring that the information presented can be accessed and understood by all parties, companies can build better and more transparent relationships with their stakeholders (Bararoh et al., 2019; Salampessy et al., 2018). This not only increases stakeholder trust and loyalty but also helps companies to be better prepared to face future challenges and changes.

Apart from that, the implementation of Pancasila values also has a positive impact on the company's organizational culture (Ali & Huda, 2022). By prioritizing ethical values and fairness in financial reporting, companies can create a more positive and productive work culture. Employees who feel that they work in a fair and transparent environment tend to have higher levels of job satisfaction and are more motivated to contribute to the company's success (Famauri, 2019). This, in turn, improves the company's overall performance and helps achieve its long-term goals (Mediawati, 2016).

### **Case Studies in Banking Industry**

Case studies were conducted on government-owned banking companies, namely PT Bank Rakyat Indonesia (BRI), PT Bank Negara Indonesia (BNI), and PT Bank Mandiri, to identify how one of the elements of the national defense values - Pancasila - was applied in their XBRL financial reporting. Table 1 shows a summary of the results of the analysis of the implementation of Pancasila based on literature studies and company financial reports.



**Table 1. Case study in three government-owned banking companies**

No	Company	Principle	Implementation
1	PT BRI (Persero)	1	BRI shows its commitment to the values of Almighty God by emphasizing the importance of integrity and ethics in all business activities, including financial reporting. The company has a strict code of ethics and regularly conducts ethics training for employees at all levels. BRI also has a zero-tolerance policy towards fraud and corruption, reflected in its strict internal and external audit processes.
		2	In financial reporting, BRI strives to present fair and transparent information. This company ensures that its financial reports comply with international standards such as IFRS and are reviewed by independent external auditors. BRI also involves employees and other stakeholders in preparing financial reports, ensuring that all voices are heard and considered.
		3	BRI strives to ensure that financial information is accessible to all stakeholders. This company uses digital technology to provide financial reports that can be accessed online, making them easily accessible to the wider community, including those in remote areas. Financial reports are also presented in language that is easy to understand and equipped with explanations of technical terms.
		4	BRI prioritizes transparency and participation in decision-making regarding financial reporting. The company holds open general shareholder meetings, where all shareholders are given the opportunity to ask questions and provide input. In addition, BRI involves stakeholders in the internal and external audit process to ensure that financial reports reflect actual conditions.
		5	BRI prioritizes transparency and participation in decision-making regarding financial reporting. The company holds open general shareholder meetings, where all shareholders are given the opportunity to ask questions and provide input. In addition, BRI involves stakeholders in the internal and external audit process to ensure that financial reports reflect actual conditions.
2	PT BNI (Persero) Tbk	1	BNI shows its commitment to integrity and ethics by implementing anti-corruption policies and ethics training for employees. BNI has an ethics committee tasked with ensuring that all financial reports are prepared honestly and transparently, and comply with applicable accounting standards.
		2	BNI strives to present fair and impartial financial reports, which reflect the company's financial condition in a

No	Company	Principle	Implementation
			transparent manner. The company also carries out regular internal and external audits to ensure the reliability and accuracy of financial reports.
		3	BNI utilizes digital technology to ensure that financial information can be accessed by all stakeholders throughout Indonesia. Financial reports are presented in language that is easy to understand so that all parties can understand and access the information presented.
		4	BNI holds open and transparent general shareholder meetings, allowing all shareholders to ask questions and provide input. This reflects the principles of democracy and participation in decision-making.
		5	BNI is committed to a strong corporate social responsibility (CSR) program, reporting the social and environmental impacts of its activities in financial reports. This shows how the profits obtained by the company also provide benefits to the community and the surrounding environment.
3	PT Bank Mandiri (Persero) Tbk	1	Bank Mandiri has a strict integrity and anti-corruption policy. Employees are encouraged to maintain ethics and morality at work, ensuring that financial reports are prepared honestly and in accordance with accounting standards.
		2	Bank Mandiri is committed to presenting financial reports that are fair, clear and not misleading. Internal and external audits are carried out to ensure that financial reports reflect actual conditions.
		3	Bank Mandiri's financial information can be accessed by all stakeholders through various digital platforms, ensuring broad transparency and accessibility. Financial reports are presented in easy-to-understand language, facilitating better understanding by all parties.
		4	Bank Mandiri held a general meeting of shareholders which was open to the participation of all shareholders. This shows a commitment to transparency and inclusiveness in decision making.
		5	Bank Mandiri has a CSR program that focuses on improving community welfare and the environment. Financial reports include information about these initiatives, showing how the company contributes to social justice and societal well-being.

Source: IDX – Company XBRL Financial Report (information processed, 2024)

Based on Table 1, the application of the element of State Defense Accounting - Pancasila - is divided into five principles. Analysis of three banking companies shows that in the first principle

- Belief in One Almighty God, the companies have strictly implemented a code of ethics, integrity, and anti-corruption policies. These results follow the Principles of Belief in One Almighty God, seen in the company's efforts to maintain integrity and ethics in preparing financial reports (Maulida et al., 2023). One is the implementation of XBRL, which can make taxpayers' financial and taxation implementation more transparent and appropriate so that the reports submitted are more accountable (Siahaan, 2020).

The Second Principle – Just and Civilized Humanity, demands fair treatment of all parties involved in business, including employees, shareholders, and the community. This is demonstrated by the company's commitment to presenting financial reports that are impartial and accessible to all parties. Presentation with the XBRL taxonomy helps implement Good Corporate Governance (GCG) in terms of data transparency (Siahaan, 2020), which can be analyzed by all interested parties (stakeholders). Companies strive to not only meet legal and regulatory requirements but also to exceed expectations by presenting complete and clear information to all stakeholders (Karimullah, 2023).

The third principle, Indonesian Unity, encourages cooperation and social cohesion in a diverse business environment. This encouragement is demonstrated by providing information via digital platforms. The XBRL taxonomy provides uniform data for all companies and their respective industries, making it easier for cross-sectional and time series comparisons of financial reports. The company uses digital technology, web-based platforms, and Excel-based data (according to the XBRL taxonomy) to facilitate access to financial information (Anggistya & Abdillah, 2023).

The fourth principle, Democracy Led by Wisdom in Deliberation/Representation, teaches the importance of democracy and participation in decision-making. From Table 1, it can be seen that the implementation of democracy is carried out with efforts to commit to transparency and inclusiveness in decision-making at the General Meeting of Shareholders (GMS). This can be seen in the XBRL taxonomy, which allows stakeholders to have data and information that has been processed and analyzed in a short time, which allows for fast and precise decision-making (Siahaan, 2020). Companies also try to involve stakeholders in the internal and external audit process to ensure that financial reports reflect actual conditions and that no information is hidden (Azhari & Rosyad, 2023). Ansary et al. (2020) indicated that XBRL might be applied because of the normative pressure from the environment and society. In addition, the mandate for XBRL financial reporting might be longer for companies with internal control weaknesses (Aksoy et al., 2021; Hwang et al., 2020). Indicating that the representation of internal control might affect the XBRL implementation. However, according to Li et al. (2021), the mandate for XBRL can divert management intentions and result in less readable financial information. These evidenced the fourth principle of Democracy Led by Wisdom in Deliberation/Representation.

The fifth principle, Social Justice for All Indonesian People, emphasizes the fair distribution of societal benefits and opportunities. Based on Table 1, these three banking companies are committed to CSR and provide information on company initiatives in implementing social justice. Financial, tax, and other business reports can be created with standardization and concise and detailed digital representation with XBRL (Sanad & Al-Sartawi, 2023). Thus, XBRL supports the three principles of Good Corporate Governance (GCG), namely justice, transparency,

and accountability; stakeholders can ensure that the data they obtain is accurate and valid (Siahaan, 2020; Nuryanah et al., 2024). Companies have strong sustainability and social responsibility policies, including reporting on their business activities' social and environmental impacts (Oktarina et al., 2023; Singh & Singh, 2022).

## CONCLUSION

This research concludes that the implementation of Pancasila values in corporate financial reporting in Indonesia provides significant benefits both from an ethical and operational perspective. By adopting values such as integrity, transparency, fairness, and participation, companies can increase trust and credibility in the eyes of stakeholders, contributing to better long-term performance. Case studies from PT BRI, PT BNI, and PT Bank Mandiri show that applying Pancasila values not only adheres to the state's ideological principles but also provides practical guidance for achieving a more ethical and sustainable business environment. Although this study has several limitations, the results provide a strong basis for further research and offer concrete guidance for companies to integrate Pancasila values in their financial reporting practices.

This research provides a significant contribution to the literature regarding the integration of Pancasila values, as one of the beliefs in Indonesia's national defense values, in financial reporting practices in Indonesian companies. First, this research increases understanding of how the values of Pancasila, which are the basis of state ideology, can be implemented practically in the modern business environment. Second, this study offers a theoretical framework that can be used by academics to analyze the impact of ethics and local cultural values on the transparency and integrity of financial reports. Third, this research expands the literature on the relationship between business ethics and company performance by showing that the application of Pancasila values not only increases integrity and transparency but also has a positive impact on the company's long-term performance.

From a practical point of view, this research provides guidance for companies in Indonesia on how to integrate Pancasila values in their financial reporting practices. First, companies can utilize the findings of this research to develop policies and procedures that reflect a commitment to ethics and integrity, such as codes of conduct and ethics training for employees. Second, this research highlights the importance of using digital technology to increase the accessibility and transparency of financial information, which companies can adopt to achieve this goal. Third, the results of this research also underscore the need for companies to involve stakeholders in preparing financial reports to ensure that all voices are heard and to maintain transparency and fairness in decision-making.

This study has several limitations that need to be noted. First, the data used mainly comes from large banking companies and state-owned companies, so the results may not fully reflect practices in small and medium-sized companies. Second, this research uses a case study and literature approach, which may not provide a comprehensive picture of implementing Pancasila

values in all industrial sectors in Indonesia. Third, the interpretation of the results of this research is very dependent on the researcher's perception and understanding of the values of Pancasila, which may be different from the interpretation of other parties. Finally, this research does not directly measure the impact of implementing Pancasila values on company financial performance, so it focuses more on ethical and transparency aspects rather than concrete financial results. These limitations indicate the need for further research with broader and more diverse approaches to enrich the understanding of this topic.

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### **List of Abbreviation**

XBRL (eXtensible Business Reporting Language), Good Corporate Governance (GCG), Indonesia Stock Exchange (IDX).

### **Author's contribution**

*GSB*: conceptualization of the work and the solution methodology, supervision, and project administration; *MM*: conceptualizing the work and the solution methodology and conducting the review. *DHS*: conceptualization of the work and the solution methodology, writing original draft preparation, validation of results, and writing review and editing.

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## Conflict of Interest

The authors declare no competing interests

## Data and Materials availability

The data and materials are available and can be requested via email to the corresponding author stating the purpose of the request.

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