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TRANSFORMATION MANAGEMENT ESG (ENVIRONMENTAL, *SOCIAL, GOVERNANCE)* BASED FOR SUSTAINABILITY ORGANIZATION

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Abstract

ESG-based management transformation (environmental, social, and governance) has become a new paradigm in ensuring organizational sustainability. This article aims to analyze how the implementation of ESG in managerial strategies can enhance the competitiveness and sustainability of organizations. Using descriptive qualitative methods, this research examines various models, obstacles, and solutions in the implementation of ESG. The research results show that the integration of ESG can have a positive impact on the sustainability of the organization, both economically, environmentally, and socially. It was found that the application of ESG principles significantly impacts sustainability performance aspects. These findings underscore the importance of integrating ESG values into managerial practices as an innovative strategy to achieve long-term sustainability.

Keywords ***ESG, Management Transformation, Sustainability, Model, Strategy***

DOI

I. INTRODUCTION

Transformation management in modern organizations do not only focus on achievement profit economy only, but also on sustainability that involves environmental, social, and order governance (ESG). ESG has develop become global standards that determine How organization can endure and develop in a way sustainable. Study This aims to explore the role of ESG in transformation management, identify obstacles in implementation, as well as offer solutions that can applied.

In the era of increasing globalization and digitalization, the business world is faced with increasingly complex sustainability challenges. Environmental crises, social inequality, and

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expectations for transparent corporate governance demand a more holistic managerial approach. ESG (Environmental, Social, Governance)-based management transformation is becoming a new paradigm that embraces the values of sustainability, social concern, and governance ethics in strategic decision-making. Management transformation is a response to the challenges of a dynamic era, especially in responding to environmental, social, and governance (ESG) issues. Sustainability is now a central value in the long-term existence of an organization. Concerns arise because many organizations only focus on profit, ignoring environmental and social aspects, which reduces public trust and long-term business resilience.

The concern is that many organizations still run management with a short-term orientation, which only focuses on profitability, ignoring social and environmental impacts. This has led to various problems, ranging from declining public trust, social conflict, to environmental damage. In addition, not all business actors understand the importance of ESG integration in their strategic framework.

Based on Facts and Data, namely According to the McKinsey & Company report (2021), companies that adopt ESG principles show more stable financial performance and sustainable long-term growth. Data from MSCI ESG Research also shows that companies with high ESG scores have lower investment risks. Meanwhile, a report from the United Nations Global Compact states that more than 90% of CEOs recognize the importance of sustainability in their business strategy, but only 48% integrate it comprehensively.

Evidence and Philosophy Philosophically, the ESG approach represents the ethical paradigm and moral responsibility of corporations towards the sustainability of social and ecological life. ESG is not only a business strategy, but also a form of corporate contribution to the common good and future generations. Philosophically, ESG reflects the value of balance between economic profit, social welfare, and environmental sustainability. The relevance of this topic is becoming stronger in the post-pandemic era, where society demands openness, social justice, and environmental responsibility from organizations. ESG is not just a trend, but a need to address the climate crisis, social inequality, and low corporate accountability.

Relevance and Urgency: ESG-based management transformation is relevant amidst the climate crisis, social inequality, and investor pressure on corporate accountability. ESG is also an important parameter in assessing organizational sustainability by stakeholders, including governments, investors, and the community. Topics in a Wider Context: In a global context, ESG is part of the

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sustainable development agenda (SDGs) and the green economy. Several developed countries have even begun to require ESG reporting in companies' annual reports. This shows that ESG is not a momentary trend, but rather a new direction for global organizational governance.

The Importance of This Research is that this research is important to provide a deeper understanding of how ESG can be strategically applied in organizational management, as well as the extent of its impact on sustainability. It is also useful as a guide for organizations that want to transform in facing future challenges. Problems and Root Causes The main problem identified is the low application of ESG principles in organizational management practices. The root of the problem lies in the lack of awareness, limited resources, lack of binding regulations, and the unavailability of applicable ESG indicators.

Comparison with Previous Research Several previous studies such as by Eccles & Klimenko (2019) and Khan et al. (2016) prove a positive correlation between ESG implementation and company performance. However, this study offers novelty with an integrative ESG approach into the management transformation framework, not just as a complement to sustainability reports. ESG-based management transformation is a strategic step towards true organizational sustainability. By integrating environmental, social, and governance aspects into every line of management, organizations can create sustainable long-term value for all stakeholders. This research is important as an academic and practical contribution in building a responsible and future-oriented managerial culture.

Objective Research is Analyzing the role of ESG in transformation management organization, identifying obstacles in implementation of ESG in various sectors, and developing models and strategy sustainability ESG based.

II. METHODOLOGY

Study This uses method qualitative descriptive with approach studies case and analysis literature. Data collected through interviews, observations, and studies documents to organizations that have implementing ESG. The research subjects consisted of forty business and social sector organizations.

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III. RESULTS AND DISCUSSION

The concept of ESG in Transformation Management the ESG concept consists of from three pillar main: Environment: Management oriented organization on sustainability environment through efficiency energy, reduction emission carbon, and management waste. Social: Role organization in not enough answers social, welfare employees, as well as connection with community and stakeholders' interest. Governance: Transparency, ethics business, and compliance to regulation in management organization. ESG Implementation Model and Prototype ESG implementation model in transformation management includes Design ESG Policy: Integration of ESG in policy and strategy organization, ESG Digital Prototype: Leveraging digital technology for measure and report ESG performance, and Scheme ESG Evaluation: Development indicator and metric sustainability. Uniqueness And Novelty in Transformation Management ESG Based Research This proposes a transformation model management more ESG based adaptive and data based for increase taking decision strategically.

Obstacles: Lack of awareness, cost high implementation, as well as resistance change in the organization. Solution: Compilation policy incentives, education stakeholders' interests, as well as digitalization ESG reporting. Implementation And Development ESG Strategy ESG implementation includes Development training And ESG certification, Partnership with global institution for increase ESG transparency, Innovation based on technology in measurement And ESG reporting.

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Table 1. Implementation And Development ESG Strategy

ESG Indicators	Before ESG	After ESG	Δ (Change)	Impact
Environmental	62	83	+21	Efficiency energy and waste increase
Social	58	80	+22	Satisfaction And loyalty employee go on
Governance	65	85	+20	Transparency And accountability increase

Table 2. Table Analysis Statistics

Evaluate Statistics	Mark	Interpretation
t- count	4.92	Significant
F- count	15.34	Significant
R-square	0.81	Eighty-one percent sustainability ESG influenced

The analysis is that ESG implementation contributes to improving organizational sustainability indicators. ESG strategy drives an innovative culture and creates added value for stakeholders. Positive responses from employees and customers indicate increased trust and social engagement. Implementation of ESG Strategy through several implementations that can be applied including Annual environmental audits and energy efficiency, social programs for communities and employees, Transparent financial and non-financial reporting, and ESG integration into the organization's vision, mission, and culture. ESG implementation starts with sustainability audits, internal training, and the preparation of ESG indicators. Strategies such as green operations, social inclusion, and digital governance are leading practices.

The Uniqueness and Novelty of the Research is that this research is unique because it directly measures the impact of ESG on sustainability performance using measurable quantitative data. Its novelty lies in the integration of three ESG dimensions in one organizational strategic framework that has not been widely done in previous research. The ESG approach encourages companies to integrate sustainability principles from the strategic planning stage. This is different from conventional CSR which is philanthropic and not integrated into operations.

Positive Impacts and Improvements Organizations that implement ESG experience increased efficiency, employee loyalty, and investor confidence. A study by Deloitte (2022) shows that companies with a high ESG index have 12% greater profit growth. Stakeholder Response Customer

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and investor responses to ESG-positive organizations are incredibly positive. An internal questionnaire showed that 88% of respondents stated that ESG increases pride in its organization.

Table 3. Details Difference Organization Before and After ESG

Aspect	Before ESG	After ESG
Efficiency Energy	Low	Increased by twenty-five%
Loyalty Employee	Fluctuating	Stable And increase
Corporate Image	General	Positive And trusted
Satisfaction Partners	60%	85%

Analysis of the solution to the problem, namely ESG Transformation, was successfully conducted through a top-down and bottom-up approach. ESG has an impact on increasing the sustainability of the organization from economic, social, and environmental aspects. Effective strategies include involving all departments, aligning ESG visions, and utilizing technology. The benefits and advantages are providing a clear strategic direction for sustainability, increasing the value of the organization in the long term, and fostering a responsible and innovative work culture.

IV. CONCLUSION

Transformation management ESG based becomes a key factor in creating sustainable organization. With overcome obstacle implementation through strategy innovative, organization can obtain benefit term length, including improvement reputation, efficiency operational, and sustainable growth. ESG-based management transformation significantly impacts organizational sustainability. ESG is not just a normative concept, but a concrete strategic approach. Organizations that integrate ESG show improvements in environmental, social, and governance aspects while improving their reputation and business sustainability. ESG-based management transformation is not just a trend, but a strategic imperative for today's organizations. This approach creates a balance between economic growth and socio-environmental concerns that support organizational sustainability.

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