

Resolving the Standardization Paradox: Internal Functional Struggles as Drivers of Sustainability Reporting in a Nascent Emerging Market

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ABSTRACT

Sustainability reporting (SR) has become a global strategic imperative, yet Cambodia faces a profound awareness-execution gap where 74 percent of professionals recognize its importance but only 29 percent of firms report on ESG impacts. This study investigates the “standardization paradox,” where vocal professional demand for top-down mandates serves as a statistical proxy for deeper internal management failures to operationalize sustainability. Utilizing a quantitative research design and multiple linear regression, the study analyzed data from a purposive sample of 118 qualified Cambodian professionals via a structured bilingual instrument with robust scale reliability (Cronbach’s $\alpha = 0.822$). The results reveal that the difficulty of aligning ESG goals with core business objectives (CM3) is the sole statistically significant predictor of the perceived necessity for a unified SR framework (p -value = 0.003), while structural gaps like the lack of standardized ESG reporting frameworks were statistically insignificant (p -value = 0.992). These findings necessitate a refinement of managerial stakeholder theory, positioning the drive for standardization in nascent markets as a proactive search for internal operational clarity rather than a purely reactive response to external pressure. Ultimately, a unified SR framework must function as a strategic navigational tool to resolve functional struggles and bridge Cambodia’s “expertise gap” toward Vision 2050.

Keywords: Cambodia; Emerging markets; ESG; Standardization paradox; Signaling theory; Sustainability reporting.

INTRODUCTION

Sustainability reporting (SR) has transitioned from a voluntary disclosure into a fundamental global strategic imperative, driven by the reality that over 80 percent of investors now integrate environmental, social, and governance (ESG) considerations into their primary decision-making processes to assess long-term risk (Gelb et al., 2023). This global phenomenon is evidenced by the fact that ESG disclosure rates among the world’s top 250 companies have reached a staggering 96 percent (KPMG, 2022). As the landscape shifts toward mandatory and regulated transparency, SR serves as a vital mechanism for organizations to take responsibility for their actions while operating transparently to contribute to the well-being of the economy, society, and the environment.

Cambodia has actively embraced this agenda by localizing the United Nations 2030 Agenda through

the 18 Cambodian Sustainable Development Goals (CSDGs), which are hardwired into national policy instruments like the Pentagonal Strategy (Royal Government of Cambodia, 2023). However, the domestic ESG reporting environment remains in its infancy and is defined by a critical regulatory vacuum and an institutional gap. This vacuum hinders Cambodian firms from effectively communicating their non-financial impacts, thereby isolating them from global sustainability financing trends and the growing green bond market.

The core of the Cambodian problem is a profound awareness-execution gap: while 74 percent of Cambodian professionals acknowledge the strategic importance of SR, only 29 percent of firms actually report on their ESG impacts (Maáji et al., 2022). This disconnect results in a significant “value gap” on the Cambodia Stock Exchange (CSX), where listed entities frequently trade at a discount to their accounting net worth because traditional financial

statements fail to capture intangible drivers like human capital, stakeholder trust, and natural resource dependencies. Standardized ESG reporting is therefore essential to act as a credible signaling device that reduces information asymmetry for international investors.

This ESG reporting gap is further defined by the “standardization paradox,” where a vocal professional demand for top-down mandates serves as a proxy for a deeper operational struggle to align ESG targets with core business success. This challenge is compounded by a pronounced “expertise gap” within the national workforce; while 93 percent of respondents hold advanced academic degrees, over 86 percent possess three years or less of practical SR experience. Furthermore, firms encounter an “engagement paradox” wherein they successfully attract stakeholder interest but lack the communicative clarity required to translate dense technical data into accessible information.

To systematically address these issues, this study aims to quantify current ESG reporting hurdles encountered by Cambodian organizations when measuring and communicating ESG performance. The objective is to move beyond mere descriptive snapshots toward a theoretically grounded resolution that determines the predictive power of operational challenges regarding the necessity for a national SR framework. By identifying which systemic ESG reporting hurdles truly drive the demand for standardization, the research provides the empirical foundation necessary to transform corporate sustainability from empty rhetoric into value-creating business practices.

Utilizing a quantitative research design and multiple linear regression, this research reveals that the difficulty of aligning ESG goals with core business objectives (CM3) is the sole statistically significant predictor of the perceived need for a unified SR framework. This finding necessitates a critical refinement of stakeholder theory, positioning SR adoption in nascent markets as a proactive search for internal operational clarity to coordinate diverse interests rather than a purely reactive response to external regulation. Ultimately, this study provides a strategic roadmap for Cambodian firms to narrow the

value gap and advance substantively toward the nation’s Vision 2050 goals.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

To provide a rigorous analytical foundation, this study employs a multi-theoretical lens that bridges the gap between systemic ESG reporting hurdles and the demand for a unified SR framework. Collectively, these theories distinguish between symbolic greenwashing and the substantive, data-driven action required for long-term organizational survival in Cambodia’s nascent market.

Managerial stakeholder theory traditionally posits that a firm serves as a vehicle for coordinating diverse stakeholder interests, particularly those of powerful groups controlling critical resources (Di Vaio et al., 2023; Hariono et al., 2024). In global literature, this is often framed as a reactive process where firms adopt standardized reporting primarily to manage external pressure from investors and regulators (Di Vaio et al., 2023; Hariono et al., 2024). Under this view, organizations utilize sustainability reports as strategic tools to secure their “social license to operate” and maintain status as legitimate social institutions (Manes-Rossi & Nicolò, 2022).

However, the empirical landscape of a nascent market necessitates a critical theoretical refinement of this branch of stakeholder theory. In a high-secrecy market like Cambodia, characterized by a regulatory vacuum, firms do not view standardization merely as a reactive response to external actors. Instead, the drive for a unified SR framework reflects a proactive internal search for operational clarity. Rather than just responding to mandates, Cambodian enterprises are searching for a “shared dictionary” of professional solutions to coordinate diverse internal interests and resolve “silo thinking.” This transition shifts the academic narrative from symbolic legitimacy (greenwashing) toward substantive legitimacy, where data-driven accountability is embedded directly into core operations, planning, and budgeting.

Complementing this internal perspective is signaling theory, which explains how organizations navigate information asymmetry within capital markets

(Lakhani & Herbert, 2022; Sun et al., 2022). In Cambodia's high-secrecy environment, current sustainability reports often function as "noise" that prevents an interested audience from distinguishing substantive action from empty rhetoric. Signaling theory suggests that high-quality firms adopt standardized frameworks because they provide a signal that is difficult or costly for lower-quality competitors to imitate (Lakhani & Herbert, 2022; Sun et al., 2022).

This signaling mechanism is vital for addressing the persistent value gap on the CSX. The value gap is the discrepancy between a company's traditional book value and its true market value. Performance data confirms that many major listed entities on the CSX trade at a significant discount to their accounting net worth because traditional financial statements fail to capture intangible drivers like human capital and stakeholder trust. By standardizing the language of sustainability, firms gain the navigational tools needed to quantify these hidden drivers, allowing international investors to accurately price previously unpriced risks.

The study further integrates human capital theory to address the profound disconnect between academic qualification and practical SR experience. While 93.22 percent of the study's respondents hold advanced academic degrees, over 86 percent possess three years or less of practical experience in SR. This identifies a specific deficit in specialized sustainability accounting capital rather than general intellectual capacity (Lai & Stacchezzini, 2021). Consequently, the unified SR framework is theorized not merely as a compliance checklist but as a pedagogical tool and technical curriculum designed to bridge the divide between academic preparation and practical execution.

The standardization paradox represents the central tension of this study: while stakeholders demand uniform regulatory frameworks for comparability, the rigid nature of these rules often clashes with the operational complexity of aligning ESG goals with business success (Adams & Abhayawans, 2022; Makkar et al., 2025). The literature suggests that the vocal demand for standardization in emerging markets is not merely a call for administrative order, but a primary driver for resolving the internal

struggle to integrate non-financial indicators into core management systems (Evstafieva & Guryev, 2025). While top-down rules like the IFRS Sustainability Disclosure Standards may initially appear as a burdensome patchwork of compliance, they exert the necessary "strategic friction" for companies to develop internal capabilities and integrated thinking (Liu, 2022). Standardization pushes organizations beyond performative compliance toward evidence-based practice (Sundarasan et al., 2025). Pioneering research in Cambodia has consistently highlighted a stark awareness-execution gap (Flores, 2021; Maáji et al. 2022). While 74 percent of Cambodian professionals recognize the strategic importance of SR, only 29 percent of firms actually report on their impacts (Maáji et al. 2022). This stagnation is primarily attributed to a critical regulatory vacuum and a lack of understanding regarding the strategic advantages of SR (Maáji et al., 2022).

However, existing local studies are largely exploratory and lack the inferential modeling required to quantify the unique organizational drivers of SR adoption. Specifically, previous research by Flores (2021), Flores (2023), and Maáji et al. (2022) have not statistically tested which variables uniquely predict the professional demand for a unified SR framework. Building on the theoretical framework of the standardization paradox, this study establishes:

Hypothesis 1 (H1): *Systemic ESG reporting hurdles encountered by Cambodian organizations in measuring and communicating ESG performance are significant predictors of the perceived necessity for a unified SR framework.*

The rationale behind H1 is that the vocalized demand for top-down rules often masks an internal struggle to align ESG goals with core business success. Practitioners may use the lack of rules as a psychological and administrative shield for their inability to translate abstract principles into value-creating business practices. As depicted in Figure 1, H1 tests whether the identified ESG reporting challenges (CM1–CM6 and CC1–CC5) serve as the true catalyst for standardized ESG reporting in Cambodia.

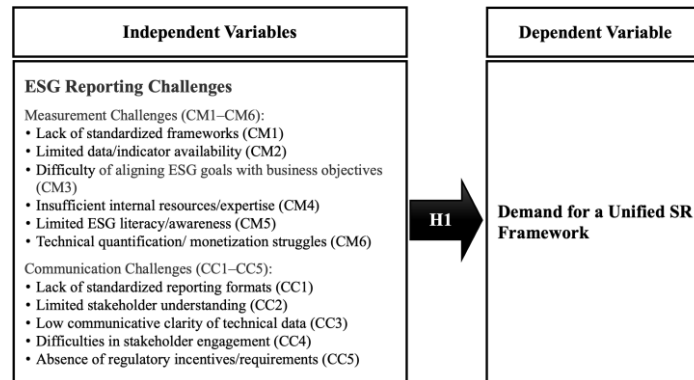


Figure 1. Conceptual Framework

MATERIALS AND METHODS

This study utilizes a quantitative research design to empirically investigate the systemic hurdles of SR in Cambodia and to validate the drivers necessitating a national SR framework. The research employs a deductive approach, prioritizing the collection of primary data to test whether internal management failures statistically predict the demand for top-down mandates. By focusing on quantifiable stakeholder perceptions, the design moves beyond descriptive snapshots toward granular inferential modeling. To ensure a robust empirical foundation, the study utilizes purposive sampling to target information-rich cases—participants with the technical expertise and visibility into internal management systems required to address specialized ESG reporting hurdles. The target population consists of sustainability managers, practitioners, policymakers, and experts operating across five primary sectors: corporate, public, academic, professional networks, and financial institutions. Based on Cochran’s (1977) formula for an unknown population, a minimum representative sample of 96 was required. Over an extensive data collection period, a final dataset of 118 qualified professionals was secured, ensuring the study is sufficiently powered for large-sample statistical inference and the validation of complex regression models. The primary research instrument is a structured bilingual questionnaire provided in English and Khmer. The instrument utilizes 5-point Likert scales to transform qualitative stakeholder perceptions into discrete data suitable for statistical rendering. Questionnaire items evaluating eleven specific ESG performance

measurement and communication hurdles were systematically derived from established literature, particularly Flores (2023) and Ma’aji et al. (2022), to ensure construct validity and practical grounding within the Cambodian ESG landscape. Prior to full distribution, the instrument underwent pilot testing among a panel of academics to refine item clarity and a rigorous back-translation process to ensure that original technical meanings remained intact across both languages. All data management and statistical processing are performed using Jamovi software. The analysis follows a bifurcated path, employing descriptive statistics—including measures of central tendency and ranking—to evaluate the perceived severity of the identified ESG reporting hurdles. The core inferential component utilizes multiple linear regression to test H1, evaluating the predictive relationship between the identified internal ESG reporting hurdles and the perceived necessity of a unified SR framework. This predictive analysis is essential for determining whether the demand for standardization is driven primarily by technical gaps or by deeper functional struggles, such as the difficulty of aligning ESG goals with core business objectives. Methodological integrity is maintained through rigorous validation and diagnostic protocols. Scale reliability was confirmed using Cronbach’s alpha, which yielded a robust coefficient of 0.822, significantly exceeding the 0.70 threshold for internally consistent and dependable results. During regression modeling, diagnostic tests for Variance Inflation Factor (VIF) and Tolerance levels were applied to screen for multicollinearity, ensuring that the predictive power of significant variables was not distorted by

redundant internal correlations. Finally, to navigate Cambodia’s professional “culture of secrecy” and mitigate response bias, the researcher explicitly leveraged his insider status as a Certified Public Accountant and Professor of Accounting in Cambodia to establish the rapport necessary for capturing candid reflections on internal organizational failures.

RESULTS

Table 1 presents the profiles of the 118 qualified professionals whose insights form the empirical basis of this study. The survey results reveal a relatively young and balanced professional workforce, with the majority (69.49 percent) falling within the 26-45 age range and the largest single cohort (44.07 percent) aged 26-35. This demographic distribution indicates that Cambodia’s sustainability transition is being spearheaded by a mid-career generation positioned to play a central role in the long-term implementation of ESG standards. These findings suggest that a unified SR framework is not merely a reactive necessity but a foundational tool for the future leaders of the Cambodian economy. The most striking revelation in the Table 1 is the profound expertise gap, defined by a sharp disconnect between academic qualification and practical SR experience. While 93.22 percent of respondents hold a bachelor’s and/or master’s degree—reflecting a strong

cognitive capacity for managing complex systems—86.44 percent possess three years or less of practical experience in SR. Furthermore, 45.76 percent of the sample possesses less than one year of experience. This disparity confirms that the primary ESG reporting hurdle in Cambodia is not a lack of general intellectual capacity, but a critical deficit in specialized sustainability accounting capital. This reality serves as the primary justification for designing a unified SR framework that functions as a technical curriculum and educational benchmark rather than a mere compliance checklist. The sectoral and role-based distribution further indicates that ESG reporting in Cambodia is currently being filtered through a financial and compliance lens. More than half the sample (53.39 percent) stems from professional networks, while only 5.08 percent originates from the public sector. This suggests that the momentum for unified SR standards is being driven by industry associations and professional bodies rather than government mandates. Additionally, a significant portion of respondents (51.69 percent) is categorized as “Other,” representing young professional accountants from Big Four and consulting firms. The dominance of accountants in the sample underscores the necessity for any unified SR framework to remain compatible with existing financial accounting standards while bridging the value gap through the language of financial materiality.

Table 1. Profile of Respondents

Category	Frequency	Percentage
<i>Age</i>		
18 - 25 years	5	4.24%
26 - 35 years	52	44.07%
36 - 45 years	30	25.42%
46 - 55 years	25	21.19%
56 years and above	6	5.08%
Total	118	100.00%
<i>Gender</i>		
Male	55	46.61%
Female	63	53.39%
Total	118	100.00%
<i>Sector</i>		
Corporate sector	26	22.03%
Public sector	6	5.08%
Academic institutions	7	5.93%
Professional networks	63	53.39%
Financial institutions	13	11.02%
Other	3	2.54%
Total	118	100.00%

<i>Education Level</i>		
Bachelor's Degree	62	52.54%
Master's Degree	48	40.68%
PhD or Doctorate	4	3.39%
Other	4	3.39%
Total	118	100.00%
<i>Job Title</i>		
CEO/President/Executive Director	9	7.63%
Sustainability Manager/Officer	26	22.03%
Partner	2	1.69%
Consultant	8	6.78%
Policymaker	5	4.24%
Professor/Sustainability Reporting Expert	7	5.93%
Other	61	51.69%
Total	118	100.00%
<i>Experience in SR</i>		
Less than 1 year	54	45.76%
1 - 3 years	48	40.68%
4 - 7 years	15	12.71%
8 - 10 years	0	0.00%
More than 10 years	1	0.85%
Total	118	100.00%

Before proceeding to the descriptive and inferential analysis of Cambodia's ESG reporting hurdles, the research instrument underwent a rigorous evaluation of its internal consistency. As presented in Table 2, the Cronbach's Alpha coefficient for the instrument's scale is 0.822. This statistical indicator serves as the standard measure for evaluating inter-item reliability, confirming that the multiple indicators used to measure the eleven internal measurement and communication hurdles (CM1–CM6 and CC1–CC5) yield consistent and dependable results. According to established academic standards, a coefficient exceeding the 0.70 threshold is required to confirm that a measurement scale is internally consistent and that individual survey items are effectively measuring the same underlying theoretical variable. The reported value of 0.822 significantly exceeds this benchmark,

demonstrating a high level of reliability for the 5-point Likert scales used in the stakeholder surveys. This robust score validates the instrument's success in transforming qualitative professional perceptions into discrete, internally consistent data suitable for complex statistical rendering. From a methodological perspective, reporting this indicator provides a "context of justification" for the subsequent findings. By establishing this degree of scale reliability, the study ensures that the predictive power of the inferential model used to test the standardization paradox is not compromised by measurement error. Consequently, the results regarding specific organizational drivers—most notably the difficulty of aligning ESG goals with core business objectives (CM3)—can be interpreted with a high degree of confidence as accurate reflections of the Cambodian professional landscape.

Table 2. Scale Reliability Statistics

Scale	Cronbach's α
ESG Reporting Hurdles (CM1–CM6, CC1–CC5)	0.822

Table 3 outlines the primary challenges encountered by Cambodian organizations in measuring ESG performance. Based on descriptive statistics, the most significant barrier identified is the absence of

standardized ESG reporting frameworks (CM1), which recorded the highest mean score of 4.48. Central tendency measures reinforce this finding, as CM1 yielded both a median and mode of 5.00, indicating that "Strongly Agree" was the most



frequent professional response. The relatively low standard deviation (0.748) demonstrates a robust consensus among respondents that the lack of a unified national SR framework represents the primary structural vacuum within the market. Beyond these structural ESG reporting hurdles, internal capacity gaps emerge as a critical secondary concern. Limited understanding and awareness of ESG principles (CM5) received a high mean score of 4.16, notably surpassing the perceived difficulty of strategic alignment (CM3) at this descriptive stage. This confirms that the Cambodian workforce—characterized by high academic credentials but low practical SR exposure—regards ESG reporting literacy as a more immediate hurdle

than business integration. This finding further justifies the development of a unified SR framework that serves as an educational benchmark to standardize the language of sustainability across sectors. Technical complexity remains a persistent and consistent obstacle, as the challenge of quantifying and monetizing ESG impacts (CM6) earned a mean score of 4.05. Crucially, CM6 recorded the lowest variance (0.220) and the lowest standard deviation (0.469) in the entire measurement dataset. This indicates near-universal agreement across the corporate, public, and academic sectors that translating ESG impacts into financial metrics is a specialized technical struggle that no sector in Cambodia has yet mastered.

Table 3. Challenges in Measuring ESG Performance

Statistic	CM1	CM2	CM3	CM4	CM5	CM6
Mean	4.48	3.73	3.42	3.70	4.16	4.05
Median	5.00	4.00	3.00	4.00	4.00	4.00
Mode	5.00	4.00	4.00	4.00	4.00	4.00
Standard deviation	0.748	0.636	0.696	0.559	0.716	0.469
Variance	0.560	0.404	0.484	0.313	0.512	0.220

Note. CM1: Lack of frameworks; CM2: Data availability; CM3: Goal alignment; CM4: Internal resources; CM5: ESG literacy; CM6: Technical quantification.

As shown in Table 4, the most severe challenges in communicating ESG performance are the lack of standardized ESG reporting formats (CC1) and the absence of regulatory incentives and requirements (CC5), with high mean scores of 4.45 and 4.43, respectively. Both variables recorded a mode of 5.00, indicating a near-universal consensus that the lack of top-down government mandates and clear templates is a primary hurdle. This reinforces the standardization paradox: Cambodian professionals vocalize a strong demand for top-down rules to provide the administrative order they feel is currently missing. One of the most revealing findings in Table 4 is that difficulties in engaging stakeholders (CC4) received the lowest mean score (3.33) in the entire dataset. This statistically clarifies the engagement paradox: Cambodian organizations do not necessarily struggle to secure stakeholder interest; rather, they lack the communicative clarity (CC3) (Mean: 3.79) required to translate technical, dense ESG data into accessible information. This

suggests that while the audience is listening, the sophisticated and text-heavy nature of current disclosures obscures the intended message. Finally, the high mean score for limited awareness and understanding of ESG among stakeholders (CC2) (4.20) suggests a profound fear among practitioners that their reporting efforts may be undervalued by an uninformed audience. This identifies a critical psychological barrier where the quality of the “signal” provided by a firm is secondary to the market’s literacy in interpreting it. Collectively, the findings from Tables 3 and 4 reveal that SR in Cambodia is constrained by a three-dimensional barrier: a structural regulatory vacuum, a pronounced expertise gap, and a communicative engagement paradox. These results provide the empirical foundation for the study’s core argument that a unified SR framework must function as a strategic navigational tool and educational benchmark rather than a simple compliance checklist.

Table 4. Challenges in Communicating ESG Performance

Statistic	CC1	CC2	CC3	CC4	CC5
Mean	4.45	4.20	3.79	3.33	4.43
Median	5.00	4.00	4.00	3.00	5.00
Mode	5.00	4.00	4.00	3.00	5.00
Standard deviation	0.823	0.635	0.521	0.571	0.745
Variance	0.677	0.403	0.271	0.326	0.555

Note. CC1: Lack of formats; CC2: Stakeholder literacy; CC3: Communicative clarity; CC4: Engagement difficulty; CC5: Absence of mandates.

The correlation matrix presented in Table 5 highlights the strength and direction of relationships between specific ESG performance measurement (CM1–CM6) and communication (CC1–CC5) challenges and the perceived necessity of a unified SR framework (Y). The results reveal that the difficulty of aligning ESG goals with core business objectives (CM3) is the most significant driver for a unified SR framework, showing the strongest positive correlation with the dependent variable ($r = 0.328$). This finding is vital because it anchors the study’s core argument: as the internal struggle to link sustainability to core strategy intensifies, the professional demand for a standardized navigational tool rises significantly. Consequently, practitioners perceive the SR framework not merely as a compliance requirement, but as a strategic tool to resolve internal operational gaps. A significant finding in the matrix is the high correlation between

CM1 (lack of frameworks) and CC1 (lack of formats) ($r = 0.742$). This statistical behavior indicates that Cambodian professionals do not differentiate between the technical architecture of a framework and the practical templates of a reporting format; they view them as part of the same structural vacuum. This “structural clustering” justifies the study’s objective to develop a unified solution that addresses both dimensions simultaneously. Furthermore, while other variables such as data availability (CM2) and the absence of frameworks (CM1) exhibit positive correlations with SR framework necessity ($r = 0.193$ and $r = 0.181$, respectively), these relationships are notably weaker than that of CM3. This reveals a critical nuance: while professionals are descriptively vocal about missing top-down guidelines, their underlying statistical behavior is driven more by the functional struggle of goal alignment.

Table 5. Pearson Correlation Matrix

Variable	CM1	CM2	CM3	CM4	CM5	CM6	CC1	CC2	CC3	CC4	CC5
CM1	—										
CM2	0.547	—									
CM3	0.350	0.643	—								
CM4	0.386	0.228	0.319	—							
CM5	0.380	0.191	0.173	0.227	—						
CM6	0.344	0.391	0.406	0.123	0.332	—					
CC1	0.742	0.267	0.179	0.385	0.442	0.295	—				
CC2	0.385	0.286	0.214	0.075	0.548	0.310	0.446	—			
CC3	0.485	0.470	0.434	0.311	0.413	0.465	0.523	0.649	—		
CC4	0.003	0.108	0.297	0.229	-0.110	0.320	0.154	0.096	0.382	—	
CC5	0.420	0.249	0.228	0.290	0.205	0.255	0.503	0.373	0.458	0.345	—
Y	0.181	0.193	0.328	0.112	-0.067	0.091	0.193	0.074	0.129	0.175	0.145

Note. CM1: Lack of frameworks; CM2: Data availability; CM3: Goal alignment; CM4: Internal resources; CM5: ESG literacy; CM6: Technical quantification; CC1: Lack of formats; CC2: Stakeholder literacy; CC3: Communicative clarity; CC4: Engagement difficulty; CC5: Absence of mandates; Y: Necessity of SR Framework.

The multiple linear regression analysis provides a granular examination of the variables uniquely predicting professional demand for a unified SR framework. The model yielded a coefficient of

determination (R^2) of 0.180, indicating that the eleven identified internal ESG reporting hurdles collectively account for 18 percent of the variance in professional demand. While these internal hurdles are significant drivers, the remaining 82 percent of

the variance points toward a robust set of latent external drivers. These latent factors likely represent a robust set of external drivers that move the reporting narrative beyond internal operational friction toward national and global compliance. These systemic pressures are inextricably linked to the Royal Government of Cambodia's (RGC) Pentagonal Strategy and Vision 2050, which establish a high-level political mandate for firms to align corporate disclosures with national socio-economic priorities such as absolute carbon neutrality. Additionally, the regulatory vacuum is being filled by industry-specific mandates like the Cambodia Sustainable Finance Principles and the Better Factories Cambodia (BFC) program, while international brand clients in global supply chains mandate rigorous standardized reporting to maintain trade privileges. Furthermore, ASEAN regional competition creates a systemic pressure to harmonize ESG reporting to remain a competitive destination for Foreign Direct Investment (FDI). Practitioners view standardized ESG reporting as a vital signaling device required to reduce information asymmetry and allow international investors to

accurately price the risks of previously unpriced intangible capitals within emerging green bond markets. Among the eleven predictors entered into the model, CM3 (the difficulty of aligning ESG goals with core business objectives) emerged as the sole statistically significant driver (coefficient = 0.305, p -value = 0.003). This finding is critical as it indicates that for every one-unit increase in the internal struggle to link sustainability to core strategy, the demand for a unified SR framework rises by approximately 0.305 units. This provides the final statistical validation for the standardization paradox: while Cambodian professionals descriptively rank the lack of standardized frameworks (CM1) as their most severe hurdle, that variable proved to be statistically insignificant in the regression (p -value = 0.992). To ensure the reliability of these findings, the model incorporates diagnostic tests for multicollinearity, with all VIF values falling below 10 (ranging from 1.46 to 3.49) and all Tolerance levels exceeding 0.10. These diagnostics confirm that the predictive power of CM3 is measured accurately and remains unaffected by redundant internal correlations.

Table 6. Multiple Linear Regression

<i>Model Fit Measures</i>				
Model	R	R ²		
1	0.424	0.180		
<i>Model Coefficients - Y</i>				
Predictor	Estimate	SE	t	p
Intercept	3.63953	0.5678	6.40938	<.001
CM1	0.00121	0.1212	0.00999	.992
CM2	-0.02924	0.1184	-0.24686	.805
CM3	0.30490	0.0995	3.06374	.003
CM4	-0.03343	0.1049	-0.31876	.751
CM5	-0.16631	0.0924	-1.79975	.075
CM6	-0.05336	0.1302	-0.40975	.683
CC1	0.18121	0.1047	1.73092	.086
CC2	0.08082	0.1159	0.69726	.487
CC3	-0.13369	0.1576	-0.84845	.398
CC4	0.05964	0.1131	0.52726	.599
CC5	-0.00237	0.0820	-0.02896	.977
<i>Collinearity Statistics</i>				
	VIF	Tolerance		
CM1	3.49	0.286		
CM2	2.41	0.415		
CM3	2.04	0.491		
CM4	1.46	0.684		
CM5	1.86	0.538		
CM6	1.58	0.632		
CC1	3.15	0.317		
CC2	2.30	0.435		
CC3	2.86	0.350		
CC4	1.77	0.565		
CC5	1.58	0.631		

The results of testing H1 confirm that while Cambodian organizations face a multitude of systemic hurdles in measuring and communicating ESG performance, the professional demand for a unified SR framework is driven by a highly specific type of functional struggle. This discovery establishes a significant statistical disconnect between what professionals perceive as their most severe hurdle and what actually predicts their demand for a unified SR framework. Specifically, the vocalized demand for top-down mandates often masks a deeper operational failure to operationalize sustainability within internal management systems. Practitioners essentially use the absence of rules as a psychological and administrative shield for their inability to translate abstract ESG principles into value-creating business practices.

These results necessitate a critical refinement of managerial stakeholder theory within the context of a nascent market. In Cambodia's high-secrecy environment, firms do not view standardization merely as a reactive response to external pressure from regulators or investors. Instead, the drive for a unified SR framework reflects a proactive internal search for operational clarity. Enterprises are searching for a shared dictionary of professional solutions to coordinate diverse internal interests and resolve silo thinking. By providing this clarity, the unified SR framework acts as the strategic friction required to move corporate sustainability beyond symbolic greenwashing toward substantive legitimacy, where data-driven accountability is embedded directly into core operations, planning, and budgeting. Ultimately, the statistical evidence confirms that Cambodian firms seek a localized SR framework not merely for compliance, but as a strategic navigational tool to bridge the gap between theoretical awareness and measurable operational execution.

DISCUSSION AND CONCLUSION

The empirical results of this study provide a theoretically grounded validation of the standardization paradox within Cambodia's nascent ESG landscape, where the vocal professional demand for top-down mandates serves as a statistical proxy for deeper internal management

failures. While practitioners descriptively highlight the Kingdom's regulatory vacuum as a primary hurdle, the inferential results reveal that the actual driver for a unified SR framework is rooted in the functional struggle to operationalize sustainability. The multiple linear regression analysis for H1 yielded a critical insight: the difficulty of aligning ESG goals with core business objectives (CM3) emerged as the sole statistically significant predictor of the demand for a unified SR framework (p -value = 0.003). Among the eleven identified internal ESG reporting hurdles, this finding indicates that for every one-unit increase in the internal struggle to link sustainability to core strategy, the perceived necessity for a standardized SR baseline rises by approximately 0.305 units. This establishes that the push for standardization in Cambodia is not merely a search for administrative order but a response to an acute strategic alignment gap. Crucially, the regression model yielded a coefficient of determination (R^2) of 0.180, indicating that the eleven identified internal ESG reporting hurdles collectively account for 18 percent of the variance in professional demand for a unified SR framework. While this relationship is statistically significant, the remaining 82 percent of the variance must be interpreted not merely as a statistical limitation, but as a profound theoretical insight into the nature of nascent emerging markets. This statistical reality confirms that in such environments, corporate behavior is more heavily influenced by latent external drivers than by internal operational efficiency alone.

Grounded in political economy theory, these latent variables represent systemic pressures that move the reporting narrative beyond internal operational friction toward national and global compliance. First, the demand for a unified SR framework is inextricably linked to the RGC's progressive development agenda, specifically Phase 1 of the Pentagonal Strategy. This high-level political will is manifested in the government's commitment to Vision 2050, which targets absolute carbon neutrality and provides a top-down mandate for firms to align corporate disclosures with national socio-economic priorities.

Second, the regulatory vacuum is being filled by emerging industry-specific mandates that act as hidden drivers of reporting necessity independently of a firm's internal operational efficiency. For instance, the financial sector is increasingly governed by the Cambodia Sustainable Finance Principles, while the garment and apparel sector is influenced by the BFC program. These programs enforce compliance with international labor and environmental standards required by global brands and capital providers, making ESG disclosure a strategic necessity to maintain trade privileges.

Furthermore, ASEAN regional competition creates a systemic pressure to harmonize ESG reporting to remain a competitive destination for FDI. Practitioners view standardized ESG reporting as a vital signaling device required to reduce information asymmetry and allow international investors to accurately price the risks of previously unpriced intangible capitals within emerging green bond markets. Consequently, the unified SR framework functions as the strategic friction required to move Cambodian organizations from symbolic greenwashing toward substantive, data-driven accountability.

The study's findings necessitate a critical refinement of the managerial branch of stakeholder theory. Traditional research typically suggests that firms adopt standardized ESG reporting reactively to manage pressure from powerful external stakeholders who control critical resources (Di Vaio et al., 2023; Hariono et al., 2024). However, the Cambodian data suggests a narrative shift: in a high-secrecy market defined by a critical regulatory vacuum, firms seek a unified SR framework as a proactive tool for internal operational clarity. Rather than just reacting to external mandates, Cambodian enterprises are searching for a shared dictionary of professional solutions to coordinate diverse internal interests and resolve silo thinking.

Consequently, the unified SR framework functions as the strategic friction required to move corporate sustainability beyond empty rhetoric or symbolic greenwashing toward substantive, data-driven accountability. By standardizing the language of sustainability, firms can move beyond peripheral philanthropic gestures to embed ESG indicators into

core planning, budgeting, and control systems. This transition allows firms to navigate Cambodia's unique culture of secrecy and move toward substantive legitimacy, where performance is validated through measurable operational execution rather than mere awareness.

A profound critical insight emerges from the sharp disconnect between descriptive perception and inferential reality. Descriptively, Cambodian professionals ranked structural gaps—specifically the lack of standardized frameworks (CM1) and formats (CC1)—as their most severe hurdles, recording high mean scores of 4.48 and 4.45, respectively. However, when tested through the multiple regression model, these structural variables proved to be statistically insignificant predictors of SR framework demand (p -value = 0.992 for CM1).

The reason for this pattern is that the vocalized demand for top-down rules often masks a deeper functional struggle to operationalize sustainability within internal management systems. Cambodian practitioners essentially use the lack of rules as a psychological and administrative shield for their inability to translate abstract ESG principles into value-creating business practices. The demand for mandates is therefore a symptom rather than the cause of reporting stagnation; practitioners seek a unified baseline to provide the navigational clarity they lack, hoping external rules will resolve the internal ambiguity of how sustainability contributes to business success.

This study enhances academic understanding by extending signaling theory to identify standardized SR as the requisite credible device needed to reduce high levels of information asymmetry in emerging markets. It validates the unified SR framework's role in narrowing the value gap—the discrepancy between traditional book value and market value—caused by the historical mismanagement or non-disclosure of intangible assets like human and natural capitals on the CSX. Crucially, the findings add a psychological dimension to signaling theory by quantifying a persistent fear among practitioners (Mean: 4.20) that their high-quality ESG signals will remain undervalued by an uninformed audience.

The third, and perhaps most distinct, theoretical contribution lies in the application of human capital theory to the identified expertise gap. By quantifying the divergence where 93.22 percent of respondents are highly educated yet 86.44 percent possess three years or less of practical SR experience, the study identifies a specific deficit in specialized sustainability accounting capital. This allows the research to theorize the unified SR framework as a pedagogical tool and technical curriculum designed to bridge the divide between academic preparation and practical execution, ensuring that human capital investments contribute to long-term national resilience.

The findings move the field forward by advancing the foundational work of Maáji et al. (2022) and Flores (2021, 2023). Prior studies provided essential descriptive snapshots, documenting a stark awareness-execution gap. However, these studies were limited to exploratory data and did not perform the inferential modeling required to identify the unique organizational variables that drive the demand for standardization. This study establishes the causal link that their research explicitly left unperformed: goal alignment (CM3) is the true engine of SR framework demand.

A primary limitation of this study involves the sampling method and its impact on statistical generalizability. Due to the absence of a centralized registry of sustainability professionals in Cambodia, the study utilized purposive, non-probability sampling to target information-rich cases. While the final dataset of 118 professionals exceeded the minimum requirement, it represents the collective judgment of an established professional network rather than a purely random sample. Furthermore, the data exhibits a predisposition toward an accounting and finance-oriented lens. A significant portion of participants were secured through professional accounting networks, meaning the perspectives of operational managers in non-financial sectors or rural-based SMEs may be underrepresented. Consequently, the unified SR framework's immediate applicability across all localized business models should be viewed as a foundational baseline requiring further sectoral refinement.

The reliance on a cross-sectional research design constitutes another significant temporal limitation. This study provides a snapshot of the Cambodian ESG reporting landscape at a single point in time, documenting the current state of the expertise gap and the standardization paradox. Because data collection did not occur over multiple cycles, the research could not track the long-term evolution of these challenges or assess how the expertise gap closes as the workforce matures. The study also acknowledges potential response bias arising from Cambodia's professional culture of secrecy. Although relational ethics and bilingual instruments were used to foster trust, participants may have provided socially desirable or performative answers rather than full disclosures of internal management failures. Additionally, the reliance on perceptual data rather than audited ESG performance metrics reflects the current lack of a mature third-party assurance landscape in the Kingdom.

The relatively low explanatory power ($R^2 = 0.180$) of the internal hurdles model reinforces the need for future research to utilize political economy theory. Future studies should explore how the RGC's Pentagonal Strategy and emerging global pressures independently propel ESG reporting demand. Moreover, significant opportunities exist for future research to undertake regional comparative analyses with other nascent ASEAN markets, such as Lao PDR or Myanmar. Such inquiries would evaluate the transferability of the standardization paradox concept and determine if the drive for standardization is a universal proxy for management struggles in emerging economies. This would support broader regional harmonization efforts and strengthen the collective resilience of Southeast Asian capital markets.

In conclusion, this study provides a comprehensive mechanism for Cambodian organizations to substantively align their operations with national priorities and Vision 2050. Recognizing the profound expertise gap—where 93 percent of respondents hold advanced degrees, but 86 percent possess three years or less of practical SR experience—the unified SR framework is theorized as a pedagogical curriculum rather than a mere compliance checklist. Specifically, this unified SR

framework serves as a transitional bridge to full IFRS S1 and S2 compliance, providing the strategic friction necessary for firms to build the internal capabilities required to meet the ISSB global baseline.

By standardizing the communication of value creation through this localized SR baseline, Cambodia can narrow the persistent value gap on the CSX, reduce market information asymmetry, and build international trust. Ultimately, this research ensures that the Kingdom's human and natural capital investments contribute to long-term national resilience and prosperity, moving the nation beyond symbolic rhetoric toward a substantive, data-driven, and sustainable high-income future.

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Institutional Review Board Statement: The study was conducted in accordance with the Declaration of Helsinki and approved by the Institutional Review Board (or Ethics Committee) of GlobalNxt University. The ethical protocol ensured that all research involving humans as subjects received formal approval prior to the commencement of data collection. Specific measures were implemented to protect the privacy and ensure the anonymity and non-traceability of all individual and institutional participants.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study. Participants were provided with detailed information regarding the study's purpose, procedures, and their rights—including the voluntary nature of participation and the right to withdraw at any time without prejudice—before formally soliciting their volunteerism.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The raw data are not publicly archived due to the sensitive nature of the information regarding internal management failures and the identified professional “culture of secrecy” embedded among Cambodian businesses.

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