



Accounting Ethics And Corporate Accountability In The Extractive Industry Evidence From PT Freeport Indonesia

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Abstract: This study examines ethical accountability and professional accounting ethics within the context of PT Freeport Indonesia, one of the largest mining companies operating in Indonesia. The research investigates three key issues: the forms of ethical misconduct associated with the company, the accounting ethics principles affected by these practices, and their implications for corporate accountability and stakeholder trust. Drawing upon Stakeholder Theory and Legitimacy Theory, the study adopts a qualitative case study approach and utilizes secondary data collected from corporate reports, government publications, academic literature, media reports, and non-governmental organization documents. The data were analyzed using thematic analysis to identify recurring patterns related to environmental responsibility, transparency, governance practices, and stakeholder welfare. The findings reveal four major categories of ethical concerns, namely environmental accountability issues, transparency and disclosure concerns, governance-related controversies, and stakeholder welfare issues. The analysis indicates that these concerns are associated with violations of professional responsibility, integrity, objectivity, and public interest principles within the accounting ethics framework. The study also demonstrates that ethical controversies may generate regulatory consequences, reputational risks, and challenges to organizational legitimacy, ultimately affecting stakeholder trust and long-term sustainability. The findings contribute to the accounting ethics and corporate accountability literature by highlighting the interconnected nature of environmental, social, and governance responsibilities in the extractive industry. The study emphasizes the importance of transparency, ethical governance, stakeholder engagement, and sustainable business practices in strengthening organizational accountability and maintaining public legitimacy.

Keywords: Accounting Ethics, Corporate Accountability, Stakeholder, Legitimacy, Mining Industry.

INTRODUCTION

In recent decades, the concept of corporate accountability has become increasingly significant in both academic and professional discussions. Organizations are no longer evaluated solely based on their financial performance but are also assessed according to their social responsibility, environmental stewardship, and ethical conduct. This shift has been driven by growing stakeholder awareness regarding sustainable development, environmental protection, and corporate transparency. As a result, companies are expected to demonstrate accountability not only to shareholders but also to employees, local communities, governments, investors, and other stakeholders affected by their operations (Velte, 2023).



The increasing emphasis on Environmental, Social, and Governance (ESG) practices has further strengthened the importance of ethical behavior in corporate management. Ethical principles serve as the foundation for decision-making processes that influence organizational performance, stakeholder relationships, and public trust. In particular, accounting ethics has emerged as a crucial component of corporate governance because accounting information serves as the primary medium through which organizations communicate their performance and accountability to stakeholders. Reliable accounting information contributes to informed decision-making and reduces information asymmetry between management and stakeholders (Gipper et al., 2023).

Professional accountants play an essential role in ensuring the transparency and credibility of organizational reporting. The International Ethics Standards Board for Accountants (IESBA) establishes fundamental ethical principles that guide accounting professionals in performing their responsibilities. These principles include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior (IESBA, 2023). Compliance with these principles helps ensure that financial and non-financial information is presented accurately and fairly. Conversely, violations of ethical principles may undermine stakeholder confidence, damage corporate reputation, and expose organizations to legal and regulatory sanctions.

Ethical accountability is particularly important within the extractive industry, where business operations often generate substantial environmental and social impacts. Mining companies interact directly with natural ecosystems and local communities, creating complex challenges related to environmental management, social justice, and sustainable development. Environmental degradation, waste management issues, labor disputes, and conflicts with indigenous communities have become recurring concerns within the mining sector worldwide (Hilson, 2022). Consequently, mining corporations are subject to intense public scrutiny and are expected to maintain high standards of transparency and accountability.

Indonesia possesses abundant mineral resources and hosts several large-scale mining companies that contribute significantly to national economic development. Among these companies, PT Freeport Indonesia occupies a strategic position due to its role as one of the largest producers of copper and gold in the world. The company contributes substantially to state revenue,



export earnings, employment generation, and regional economic development. Despite these economic contributions, PT Freeport Indonesia has frequently attracted public attention concerning environmental management, labor relations, stakeholder welfare, and corporate governance practices.

Various reports published by governmental institutions, non-governmental organizations (NGOs), environmental groups, and media organizations have highlighted concerns regarding the company's environmental performance and accountability practices. Allegations related to mining waste disposal, environmental degradation, stakeholder welfare, and transparency have generated significant public debate. These controversies have raised questions regarding the extent to which ethical principles are applied within the organization and whether the company adequately fulfills its accountability obligations toward stakeholders.

From an accounting ethics perspective, such controversies are particularly important because they involve issues related to transparency, responsibility, integrity, and public interest. Accounting ethics extends beyond the preparation of financial statements and encompasses broader responsibilities related to the disclosure of environmental, social, and governance information. Modern corporate accountability requires organizations to communicate not only their financial achievements but also the social and environmental consequences of their activities. Therefore, ethical accountability has become a central element of sustainable corporate governance and stakeholder trust (Kaptein, 2022).

The present study is grounded in Stakeholder Theory and Legitimacy Theory. Stakeholder Theory proposes that organizations have responsibilities toward all stakeholders affected by their activities rather than solely toward shareholders (Freeman, 1984). According to this perspective, companies must balance diverse stakeholder interests to achieve long-term sustainability. Ethical misconduct may disrupt stakeholder relationships and reduce organizational effectiveness. Meanwhile, Legitimacy Theory argues that organizations continuously seek social approval by aligning their actions with societal expectations and values (Suchman, 1995). When organizations are perceived as violating ethical norms or societal expectations, their legitimacy may be threatened, leading to reputational damage, public criticism, and regulatory intervention.



Although numerous studies have investigated accounting ethics and corporate governance, most existing research focuses on financial reporting fraud, earnings management, audit quality, and corporate scandals in banking, manufacturing, and service industries. Comparatively limited attention has been devoted to ethical accountability within the extractive sector, particularly in emerging economies such as Indonesia. Furthermore, previous studies frequently examine environmental issues, governance practices, and accounting ethics separately rather than as interconnected dimensions of corporate accountability.

This gap in the literature highlights the need for a more comprehensive examination of ethical accountability in mining corporations. By integrating accounting ethics principles with stakeholder and legitimacy perspectives, the present study seeks to provide a broader understanding of how ethical controversies affect corporate accountability and stakeholder trust. The case of PT Freeport Indonesia offers an important context for exploring these issues because of the company's economic significance and the extensive public attention it has received.

The novelty of this study lies in its integration of accounting professional ethics principles, Stakeholder Theory, and Legitimacy Theory to examine ethical controversies within a major mining corporation operating in an emerging economy. Unlike previous studies that primarily focus on financial misconduct, this research investigates ethical accountability from environmental, social, and governance perspectives. Through this approach, the study contributes to the growing body of literature on accounting ethics, sustainability, and corporate accountability.

Based on the foregoing discussion, this study seeks to answer the following research questions:

RQ1: What forms of ethical misconduct have been associated with PT Freeport Indonesia?

RQ2: How do these practices reflect violations of accounting professional ethics principles?

RQ3: What are the implications of these ethical violations for corporate accountability and stakeholder trust?

Addressing these questions is expected to contribute both theoretically and practically to the understanding of ethical governance and corporate accountability within the extractive industry.

METHOD



Research Design

This study employed a qualitative case study approach to examine ethical misconduct and corporate accountability issues associated with PT Freeport Indonesia. A qualitative case study was selected because it allows researchers to investigate complex social and organizational phenomena within their real-life context (Yin, 2018). The approach is particularly appropriate for exploring ethical issues, governance practices, and stakeholder relationships that cannot be adequately explained through quantitative measurements alone.

PT Freeport Indonesia was selected as the case because it represents one of the largest mining corporations in Indonesia and has been widely discussed in relation to environmental responsibility, stakeholder welfare, transparency, and governance practices. The case provides an opportunity to examine how accounting ethics principles are challenged in a resource-intensive industry with significant social and environmental implications.

This study is guided by Stakeholder Theory (Freeman, 1984) and Legitimacy Theory (Suchman, 1995). Stakeholder Theory emphasizes that organizations must balance the interests of multiple stakeholder groups, while Legitimacy Theory explains how organizations seek social acceptance by aligning their activities with societal norms and expectations. These theoretical perspectives provide a framework for understanding the relationship between ethical misconduct, accountability practices, and stakeholder trust.

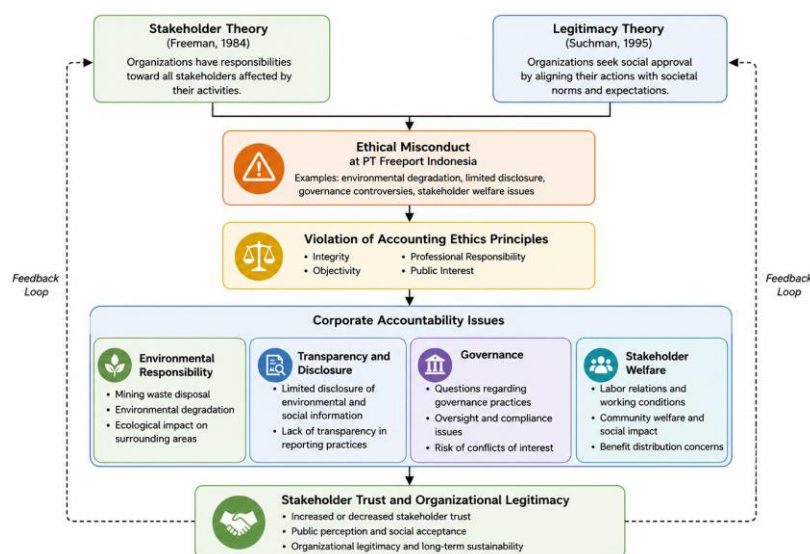


Figure 1. Conceptual Framework of the Study



The framework illustrates how alleged ethical misconduct may lead to violations of accounting ethics principles, resulting in accountability challenges that ultimately affect stakeholder trust and organizational legitimacy.

Research Questions and Analytical Focus

To achieve the research objectives, three research questions were formulated.

Research Question	Analytical Focus	Expected Findings
RQ1: What forms of ethical misconduct have been associated with PT Freeport Indonesia?	Identification of ethical controversies	Categories of alleged misconduct
RQ2: How do these practices reflect violations of accounting ethics principles?	Analysis of ethical principles violated	Ethical dimensions of misconduct
RQ3: What are the implications for corporate accountability and stakeholder trust?	Evaluation of organizational consequences	Accountability and legitimacy impacts

Table 1. Research Questions and Analytical Focus

Data Sources

This study relies exclusively on secondary data collected from multiple credible sources to ensure comprehensive analysis and data triangulation. The sources include corporate reports, government publications, academic literature, media reports, and non-governmental organization (NGO) documents.

Source Category	Type of Documents	Purpose
Corporate Documents	Annual reports, sustainability reports	Assess corporate disclosures
Government Publications	Environmental and labor regulations	Examine compliance requirements
Academic Literature	Journal articles and books	Establish theoretical foundation
NGO Reports	Environmental and social assessments	Provide independent perspectives
Media Publications	National and international news reports	Identify public controversies

Table 2. Sources of Data

Data were collected from academic databases including Scopus, ScienceDirect, SpringerLink, Emerald Insight, and Google Scholar. Additional information was obtained from publicly available government reports, company publications, and independent organizational reports.

Data Collection Procedure

The data collection process consisted of three stages.

Stage 1: Identification

Relevant documents concerning accounting ethics, corporate accountability, mining governance, and PT Freeport Indonesia were identified.



Stage 2: Screening

Documents were screened based on relevance, credibility, publication quality, and alignment with the research objectives.

Stage 3: Selection

Only documents containing substantial information related to ethical issues, governance practices, environmental responsibility, stakeholder welfare, and accountability were included in the final dataset.

Data Analysis

The collected data were analyzed using thematic analysis following the procedures proposed by Braun and Clarke (2021). Thematic analysis allows researchers to systematically identify, organize, and interpret recurring patterns within qualitative data. The analysis involved four main stages:

1. Familiarization with the data.
2. Initial coding of relevant information.
3. Theme development.
4. Interpretation and synthesis.

Ethical Principle	Definition	Indicators
Professional Responsibility	Accountability for professional actions	Transparency, compliance, accountability
Integrity	Honesty and truthfulness	Accurate disclosure, truthful reporting
Objectivity	Independence from bias	Fair decision-making and impartial reporting
Public Interest	Consideration of societal welfare	Community welfare and environmental responsibility

Table 3. *Ethical Principles and Analytical Indicators*

Codes identified from the documents were grouped into broader themes corresponding to the three research questions. The major themes included ethical misconduct, violations of accounting ethics principles, and consequences for corporate accountability.

Analysis Stage	Activities	Outputs
Familiarization	Reading and reviewing documents	Initial understanding
Coding	Identifying relevant concepts	Initial codes
Theme Development	Grouping codes into categories	Major themes
Interpretation	Applying theoretical perspectives	Findings and discussion
Validation	Triangulation of evidence	Credible conclusions

Table 4. *Data Analysis Procedure*

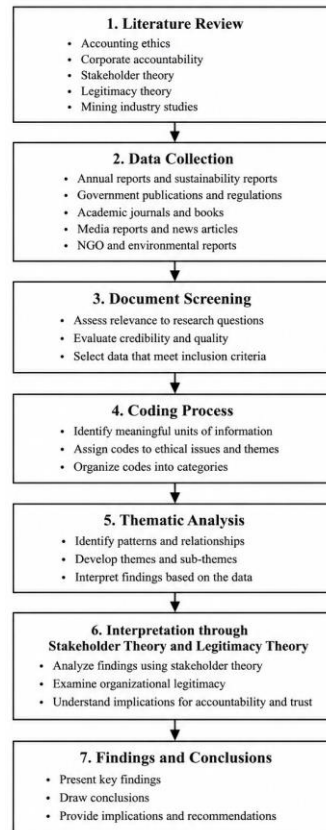


Figure 2. Research Process

Trustworthiness and Validity

To enhance the credibility and trustworthiness of the findings, several validation strategies were employed.

Source Triangulation

Information from academic publications, company reports, government documents, NGO reports, and media sources was compared and cross-checked to ensure consistency.

Theoretical Triangulation

The findings were interpreted using both Stakeholder Theory and Legitimacy Theory to provide multiple analytical perspectives.

Audit Trail

A detailed record of data sources, coding procedures, analytical decisions, and theme development was maintained throughout the research process to improve transparency and replicability.



Ethical Considerations

This study used publicly available secondary data and did not involve human participants. Therefore, no personal information was collected, and formal ethical approval was not required. Nevertheless, academic integrity was maintained through accurate citation practices, objective interpretation of evidence, and transparent reporting of findings. By integrating multiple data sources and applying a rigorous thematic analysis framework, this methodology provides a robust basis for examining ethical misconduct, accounting ethics violations, and corporate accountability issues associated with PT Freeport Indonesia.

RESULTS AND DISCUSSION

Result

Forms of Ethical Misconduct Associated with PT Freeport Indonesia

The first research question aimed to identify the forms of ethical misconduct associated with PT Freeport Indonesia. Based on the analysis of corporate reports, government documents, media publications, and previous studies, four major categories of ethical concerns were identified: environmental accountability issues, transparency and disclosure concerns, governance-related controversies, and stakeholder welfare issues.

Environmental Accountability Issues

One of the most frequently discussed controversies concerns the environmental impacts of mining operations. Several reports indicate concerns regarding the disposal of mining tailings into the Ajkwa River system, which has raised questions about environmental sustainability and compliance with environmental regulations. Environmental organizations and public institutions have argued that mining activities may contribute to ecosystem degradation and affect surrounding communities. These concerns suggest potential shortcomings in environmental accountability and corporate responsibility.

Transparency and Disclosure Concerns

Transparency represents a fundamental aspect of corporate accountability. However, several reports have questioned the adequacy of environmental and social disclosures provided by PT Freeport Indonesia. Stakeholders increasingly expect mining companies to disclose



comprehensive information regarding environmental impacts, sustainability initiatives, and stakeholder engagement activities. The perceived lack of transparency regarding environmental consequences and social impacts has generated concerns about the reliability and completeness of corporate disclosures.

Governance and Regulatory Compliance Issues

The analysis also identified governance-related controversies associated with allegations of inappropriate relationships between corporate actors and public officials. Such allegations have raised concerns regarding compliance with ethical standards, corporate governance principles, and regulatory requirements. Effective corporate governance requires transparency, accountability, and adherence to legal frameworks to ensure public confidence.

Stakeholder Welfare Issues

The findings further reveal concerns regarding labor relations and community welfare. Reports indicate dissatisfaction among certain stakeholder groups, particularly regarding labor disputes and the perceived distribution of economic benefits generated by mining activities. These concerns highlight the importance of balancing corporate objectives with broader stakeholder interests.

Category	Description	Potential Ethical Concern
Environmental Issues	Tailings disposal and ecological impacts	Environmental responsibility
Disclosure Issues	Limited transparency regarding impacts	Accountability and transparency
Governance Issues	Allegations involving public officials	Ethical governance
Stakeholder Welfare	Labor and community concerns	Social responsibility

Table 1. Forms of Ethical Misconduct Identified

The findings demonstrate that ethical concerns associated with PT Freeport Indonesia extend beyond financial reporting and encompass broader environmental, social, and governance dimensions.

Violations of Accounting Professional Ethics Principles

The second research question examined how the identified controversies reflect violations of accounting professional ethics principles. The analysis revealed four ethical principles that appear most relevant to the case: professional responsibility, integrity, objectivity, and public interest.

Professional Responsibility



Professional responsibility requires organizations and accounting professionals to recognize the consequences of their decisions and actions on stakeholders. The findings indicate that environmental controversies and stakeholder welfare concerns may reflect insufficient accountability regarding the broader impacts of corporate operations. Failure to adequately address environmental and social consequences can be interpreted as a limitation in fulfilling professional responsibilities.

Integrity

Integrity requires honesty, transparency, and truthful disclosure of information. The concerns regarding environmental reporting and disclosure practices suggest challenges related to maintaining complete transparency. Ethical accountability requires organizations to provide stakeholders with accurate and comprehensive information concerning operational impacts and associated risks.

Objectivity

Objectivity refers to the ability to make decisions free from bias, conflicts of interest, or external influence. Governance-related controversies raise concerns regarding the independence and impartiality of organizational decision-making processes. Stakeholders expect corporate decisions to be based on objective assessments and compliance with ethical standards.

Public Interest

The principle of public interest requires organizations and professionals to prioritize societal welfare alongside organizational objectives. Environmental concerns, labor disputes, and community welfare issues indicate potential tensions between corporate interests and broader stakeholder expectations. Ethical accountability requires organizations to balance economic performance with social and environmental responsibilities.

Ethical Principle	Evidence from Findings	Implications
Professional Responsibility	Environmental and social impacts	Reduced accountability
Integrity	Transparency and disclosure concerns	Lower stakeholder confidence
Objectivity	Governance controversies	Questions regarding independence
Public Interest	Community and labor concerns	Stakeholder dissatisfaction

Table 2. *Ethical Principles and Identified Violations*



The findings support previous studies suggesting that ethical accountability extends beyond financial reporting and includes environmental stewardship, stakeholder engagement, and governance integrity.

Implications for Corporate Accountability and Stakeholder Trust

The third research question focused on the implications of ethical misconduct for corporate accountability and stakeholder trust. The findings indicate three major consequences: regulatory consequences, reputational risks, and challenges to organizational legitimacy.

Regulatory Consequences

Ethical controversies may increase regulatory scrutiny and expose organizations to legal and administrative sanctions. In the mining industry, environmental issues often attract attention from regulatory agencies responsible for environmental protection, labor rights, and corporate governance compliance. Increased oversight can lead to investigations, financial penalties, operational restrictions, and stricter reporting requirements.

Reputational Risks

Corporate reputation represents a valuable intangible asset that significantly influences stakeholder relationships. Ethical controversies may negatively affect public perceptions of corporate integrity and responsibility. The findings suggest that concerns regarding environmental management and stakeholder welfare have the potential to damage organizational reputation and reduce stakeholder confidence.

Organizational Legitimacy and Stakeholder Trust

From the perspective of Legitimacy Theory, organizations depend on social acceptance to maintain their operations. Ethical controversies can threaten organizational legitimacy by creating a perception that corporate activities are inconsistent with societal expectations. Similarly, Stakeholder Theory suggests that trust is essential for maintaining positive relationships with stakeholders. When ethical concerns remain unresolved, stakeholder trust may decline, potentially affecting long-term organizational sustainability.

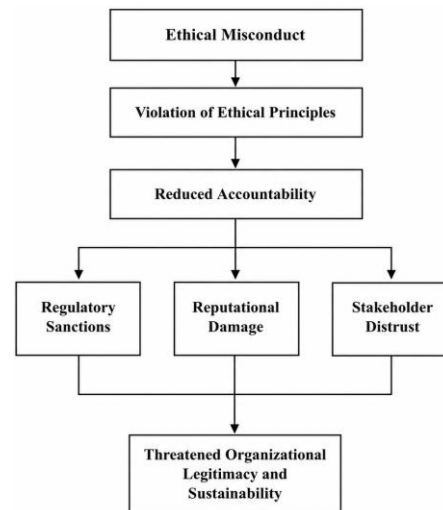


Figure 3. Consequences of Ethical Misconduct

The findings indicate that ethical accountability is not merely a compliance issue but a strategic factor influencing corporate legitimacy, stakeholder trust, and long-term sustainability.

Discussion

The findings of this study demonstrate that ethical accountability in the mining industry encompasses environmental responsibility, transparency, governance quality, and stakeholder welfare. The case of PT Freeport Indonesia illustrates how ethical concerns can influence organizational legitimacy and stakeholder trust. Ethical accountability has become increasingly important as stakeholders demand greater transparency regarding the social and environmental impacts of corporate activities. Mining companies operate in highly visible environments where business decisions are continuously evaluated by governments, local communities, investors, and civil society organizations.

Environmental responsibility emerged as one of the most significant themes identified in this study. Concerns regarding environmental impacts have become central to contemporary discussions on corporate accountability, particularly in extractive industries. Mining operations affect ecosystems, water resources, biodiversity, and surrounding communities. Stakeholders increasingly expect companies to minimize environmental risks while maintaining sustainable operational practices. Jenkins and Yakovleva (2022) argue that environmental responsibility has become an essential component of corporate social responsibility within the mining sector because



stakeholders often evaluate organizational performance through environmental outcomes. The findings suggest that environmental controversies may create negative perceptions when organizational actions are viewed as inconsistent with sustainability commitments.

Environmental accountability is closely associated with organizational legitimacy. Public acceptance of mining operations depends on the perception that companies are managing natural resources responsibly and minimizing ecological harm. Zorio-Grima et al. (2021) explain that sustainability reporting enables organizations to communicate environmental performance and engage stakeholders more effectively. The findings indicate that transparent environmental reporting can strengthen stakeholder confidence by providing evidence of accountability. Stakeholders are more likely to support organizational activities when they perceive that environmental concerns are acknowledged and addressed appropriately.

Transparency represents another critical dimension of ethical accountability. Stakeholders rely on corporate disclosures to assess organizational performance, evaluate risks, and understand the broader consequences of business operations. The findings indicate that concerns regarding transparency may reduce confidence in organizational reporting and communication practices. Flower (2015) notes that modern reporting frameworks encourage organizations to disclose financial and non-financial information in an integrated manner. Such disclosures enable stakeholders to obtain a comprehensive understanding of organizational activities and their impacts.

The analysis suggests that transparency functions as a mechanism for reducing information asymmetry between organizations and stakeholders. Incomplete or unclear disclosures may create uncertainty regarding organizational intentions and performance. Stakeholders frequently interpret limited disclosure as a signal that relevant information is unavailable or inaccessible. Transparent communication strengthens accountability by allowing stakeholders to evaluate whether organizational actions align with stated commitments and ethical standards. This observation highlights the importance of disclosure practices in maintaining trust and credibility.

Governance quality also plays an important role in shaping perceptions of corporate accountability. Corporate governance structures are designed to ensure that organizations operate according to ethical principles, regulatory requirements, and stakeholder expectations. Mallin



(2022) emphasizes that governance mechanisms contribute to accountability by promoting oversight, transparency, and responsible decision-making. The findings suggest that governance-related controversies may raise questions regarding organizational integrity and ethical conduct. Stakeholders often associate governance quality with the organization's willingness to act responsibly and comply with accepted standards.

Governance concerns are particularly relevant in industries characterized by complex stakeholder relationships and significant public scrutiny. Mining companies interact with governments, communities, investors, and regulatory institutions on a regular basis. Effective governance structures help organizations balance these relationships while reducing the risk of ethical misconduct. Zaman et al. (2022) explain that governance and corporate social responsibility have become increasingly interconnected because stakeholders evaluate organizations according to both financial performance and social responsibility. The findings support this perspective by indicating that governance issues influence broader assessments of corporate accountability.

Stakeholder welfare emerged as another important theme in the analysis. Mining activities generate economic opportunities through employment, infrastructure development, and contributions to local economies. Communities affected by mining operations often expect these benefits to be distributed fairly and responsibly. The findings indicate that stakeholder concerns regarding welfare remain important considerations in evaluating organizational accountability. Phillips et al. (2019) argue that organizations create value through relationships with multiple stakeholder groups rather than focusing exclusively on shareholders. Long-term organizational success depends on maintaining positive relationships with stakeholders and addressing their concerns effectively.

Stakeholder expectations continue to evolve in response to growing awareness of environmental and social issues. Communities increasingly expect organizations to contribute positively to social development while minimizing adverse impacts. Ethical accountability requires organizations to recognize these expectations and incorporate them into decision-making processes. The findings indicate that stakeholder trust may decline when organizations fail to address concerns regarding welfare, fairness, or social responsibility. Such outcomes can influence organizational reputation and reduce public support for business activities.



The findings also provide support for Legitimacy Theory. Organizational legitimacy depends on societal acceptance and the perception that corporate activities are consistent with prevailing values and norms. Tilling and Tilt (2010) explain that legitimacy functions as a strategic resource that enables organizations to maintain stakeholder support and operational continuity. Ethical controversies may create legitimacy challenges when stakeholders perceive a gap between organizational behavior and societal expectations. Public criticism, regulatory scrutiny, and reputational risks often emerge when legitimacy is questioned.

The evidence indicates that ethical accountability has become closely connected to long-term organizational sustainability. Stakeholders increasingly evaluate organizations according to environmental performance, governance quality, transparency, and social responsibility. Ethical failures can affect organizational legitimacy even when financial performance remains strong. The case of PT Freeport Indonesia demonstrates that accountability should be understood as a multidimensional concept encompassing environmental stewardship, stakeholder engagement, governance effectiveness, and transparent reporting practices.

The study contributes to the accounting ethics literature by extending the discussion beyond traditional financial reporting issues. Ethical accountability in contemporary business environments requires organizations to address environmental and social impacts alongside financial performance. Organizations operating in resource-intensive industries can strengthen accountability by enhancing transparency, improving stakeholder engagement, reinforcing governance mechanisms, and adopting sustainable operational practices. Such initiatives support stakeholder trust and contribute to long-term organizational resilience in increasingly demanding business environments.

CONCLUSION

This study explored ethical accountability and professional accounting ethics in the case of PT Freeport Indonesia by examining the forms of ethical misconduct, the ethical principles affected, and the implications for corporate accountability and stakeholder trust. The findings identified four major categories of ethical concerns: environmental accountability issues, transparency and disclosure concerns, governance-related controversies, and stakeholder welfare



issues. These concerns reflect challenges related to the principles of professional responsibility, integrity, objectivity, and public interest that constitute the foundation of accounting ethics. The analysis demonstrates that ethical accountability extends beyond financial reporting and encompasses broader environmental, social, and governance responsibilities. The case of PT Freeport Indonesia illustrates how ethical controversies can influence public perceptions of organizational conduct and shape stakeholder evaluations of corporate responsibility.

The study also shows that ethical misconduct may affect organizational legitimacy through regulatory scrutiny, reputational risks, and declining stakeholder trust. Stakeholder Theory highlights the importance of balancing the interests of diverse stakeholder groups, while Legitimacy Theory explains how organizational sustainability depends on societal acceptance and trust. The findings suggest that mining companies should strengthen transparency, improve sustainability reporting practices, reinforce governance mechanisms, and enhance stakeholder engagement to maintain accountability and legitimacy. This research contributes to the growing literature on accounting ethics by integrating ethical principles with corporate accountability perspectives in the extractive industry. Future studies may expand this research by conducting comparative analyses across multiple mining companies or examining stakeholder perceptions through interviews and field-based investigations to provide a deeper understanding of ethical accountability and sustainable corporate governance in resource-intensive sectors.

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