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Political Accounting in Indonesia's Strategic SOE IPO

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Abstract

Indonesia has increasingly turned to initial public offerings of strategic state-owned enterprises (SOEs) to finance post-pandemic development ambitions and showcase its climate credentials. The February 2023 listing of PT Pertamina Geothermal Energy (PGEO)—the country's first geothermal-focused flotation—typifies this strategy, presenting the company as a flagship of the national green-transition agenda. This article investigates how accounting disclosures surrounding the IPO were mobilized as instruments of political legitimacy. Employing a mixed-methods design, the study combines systematic content analysis of the PGEO prospectus and 2022–2023 sustainability reports with an event study of abnormal share-price movements across an eleven-day (±5) window. The textual analysis uncovers a carefully layered narrative in which themes of "green leadership", "energy sovereignty", and "inclusive growth" are interwoven with governance affirmations to appeal simultaneously to investors, policymakers, and civil society. The event study registers a cumulative abnormal return of approximately five per cent by day +2, indicating that markets provisionally validated the legitimacy signals embedded in the disclosures. Collectively, the findings suggest that PGEO's IPO was orchestrated not merely as a capital-market transaction but as a calibrated act of political accounting aligning investor confidence with state objectives.

Keywords

Corporate governance, ESG disclosure, political accounting, state-owned enterprises

INTRODUCTION

Indonesia's embrace of the capital market as a vehicle for statecraft has sharpened in the aftermath of the COVID-19 pandemic. Facing tightening fiscal space yet ambitious development targets, the government has turned to initial public offerings (IPOs) of strategic state-owned enterprises (SOEs) to supplement budgetary resources, signal policy credibility, and bolster national prestige. Energy has emerged as the most conspicuous sector in this strategy. The launch of PT Pertamina Geothermal Energy (PGEO) on the Indonesia Stock Exchange on 23 February 2023 epitomized this new policy turn: it raised more than IDR 9 trillion, attracted a geographically diverse investor base, and was heralded by senior officials as proof of Indonesia's "green leadership" in the global energy transition. Yet the significance of the transaction lay not merely in the capital it mobilized. Rather, the offering functioned as a carefully choreographed public performance, aligning financial disclosure with diplomatic messaging, domestic legitimacy, and the country's aspiration to sit at the forefront of climate-oriented growth.

Such staging invites an analytical lens that reaches beyond conventional finance. The present study adopts the concept of political accounting, which treats accounting statements, prospectuses, and ancillary reports as artefacts whose narrative properties can be mobilized to attain non-market objectives. Building on seminal work that frames accounting as a social and political practice, political accounting emphasizes disclosure as a form of communicative action through which states and corporations articulate, and seek endorsement for, broader projects of power. In the context of strategic State-Owned Enterprises IPOs, this perspective foregrounds how figures, footnotes, and sustainability promise become rhetorical devices aimed at multiple constituencies: parliamentarians concerned with national ownership, citizens anxious about the stewardship of public assets, and foreign investors scrutinizing environmental, social and governance (ESG) commitments (Hopwood, 1987; Nölke & Perry, 2021).

Although scholarship on State-Owned Enterprises reforms in emerging economies has proliferated over the past decade, accounting research has remained largely preoccupied with efficiency metrics, post-listing performance, or governance compliance. The political work performed by disclosure narratives during the listing moment itself is comparatively under-examined. In Indonesia, existing studies interrogate the financial determinants of State-Owned Enterprises underpricing or the legal challenges of partial privatization, yet they seldom explore how the state curate's legitimacy through accounting texts in real time. This lacuna matters because the IPO prospectus is the first comprehensive document jointly authored by the firm and the state that simultaneously targets regulators, investors and the wider polity. It is thus a privileged site in which to observe the negotiation of economic value, ideological signaling, and geopolitical aspiration (Musacchio & Lazzarini, 2014; Sheng & Zhou, 2020).

Research problem. Against this backdrop, the article addresses a central puzzle: in what ways do accounting practices embedded in the PGEO prospectus serve as political instruments rather than neutral disclosures? Specifically, the study investigates the deliberate framing of sustainability, governance, and national-development narratives, and probes whether such framing achieved its intended effect in the market. Two interrelated questions guide the inquiry: (1) How were disclosure narratives constructed in PGEO's IPO documentation to engender political legitimacy for the Indonesian state? (2) How did equity investors respond to these narratives, as reflected in short-run abnormal returns surrounding the listing?

By concentrating on a single, high-profile transaction, the research offers a finely grained view of the mechanisms through which political authority, corporate storytelling, and capital-market dynamics intersect. It also contributes to a nascent conversation on the instrumentalization of ESG discourse by governments of the Global South seeking to reposition themselves within contested climate geopolitics. In the Indonesian case, geothermal energy functions rhetorically as a bridge between developmentalist imperatives and commitments to decarbonization, allowing the state to claim moral leadership while preserving control over a strategic resource. The IPO, therefore, is not simply a funding exercise but a performative act of nation branding, enacted through the idioms of accounting.

Methodologically, the study deploys a mixed-methods design. Qualitative content analysis of the prospectus and PGEO's latest sustainability reports identifies recurrent themes, keywords, and relational claims linking the firm's commercial roadmap to Indonesia's national interest. These insights are codified into a narrative matrix summarized in a single table. Complementing this textual analysis, an event-study approach calculates cumulative abnormal returns over an eleven-day window (t-5 to t + 5) around the listing date to capture the market's immediate assessment of the disclosure strategy. Together, these methods allow for triangulation between rhetorical intent and investor behavior.

The article's scope remains intentionally circumscribed: it does not attempt to measure long-term operating performance, nor does it adjudicate the environmental efficacy of PGEO's projects. Instead, it interrogates the moment of listing as a flashpoint where political ambition, accounting representation, and financial sentiment converge. In doing so, it seeks to advance interdisciplinary dialogue across accounting studies, public-sector governance, and political economy, demonstrating how the ostensibly technical language of disclosure can be reframed as a site of statecraft and diplomacy.

Contrary to conventional portrayals of prospectus preparation as a technocratic exercise, the documentation surrounding PGEO's flotation reveals a highly curated narrative architecture. Statements on corporate purpose are interlaced with quotations from presidential decrees, while descriptions of geothermal reservoirs are framed as assets of "strategic sovereignty". Sustainability metrics appear not merely as compliance artefacts but as rhetorical proofs of Indonesia's claim to climatic stewardship. These discursive layers underscore the analytical vantage adopted here: political accounting treats numerical disclosure and textual exposition as mutually reinforcing devices through which the state curate's legitimacy in a liberalized yet politically mediated marketplace.

Three reinforcing considerations strengthen the case for this inquiry. First, the Indonesian government's pursuit of net-zero emissions by 2060 rests on a delicate policy equation: continued exploitation of fossil revenues to finance a capital-intensive transition, tempered by high-visibility gestures towards renewable leadership. PGEO, marketed as the flagship of this green pivot, thus becomes a litmus test of whether narrative-heavy disclosures can reconcile fiscal pragmatism with climate aspiration. Second, the flotation occurred amid growing global skepticism towards "green washing" in capital markets. Evaluating investor reaction to PGEO's legitimacy narrative therefore offers a timely contribution to debates on the credibility of ESG signaling in emerging economies. Third, the transaction transpired against a backdrop of heightened scrutiny of State-Owned Enterprises governance following earlier scandals in the sector. The extent to which disclosure narratives could offset reputational risk adds an important reputational-political dimension to the study.

The intellectual significance of the research lies in its synthesis of disparate literatures that rarely converse. Accounting studies frequently examine narrative disclosure but seldom interrogate its diplomatic functions; political-economy analyses of SOEs focus on ownership structures yet often bracket out the micro-mechanisms of financial storytelling. By holding these threads together, the article positions the IPO prospectus as a hybrid text—simultaneously a regulatory filing, a marketing brochure, and a quasi-diplomatic communiqué. In doing so, it invites scholars to reconsider the boundary between public-sector communication and private-sector reporting, suggesting that the two merge in strategic listings where the state is both issuer and regulator.

Practically, the findings are expected to interest three audiences. Policymakers may glean insights into how disclosure quality and narrative alignment influence investor reception—a consideration salient for forthcoming listings of other energy-related SOEs. Corporate managers involved in state-backed offerings can better appreciate the reputational stakes of ESG storytelling and the need for consistency between financial forecasts and political rhetoric. Finally, investors and analysts gain a clearer framework for decoding state-linked prospectuses, enabling more nuanced assessments of risk where conventional valuation models may underweight political signaling.

Several delimitations deserve acknowledgement. The abnormal-return analysis captures only short-run market sentiment and does not imply sustained performance. Moreover, the coding of political affiliations, though grounded in verifiable biographical data, inevitably simplifies complex networks of influence. The study also refrains from normative judgement regarding the substantive environmental impact of geothermal expansion, focusing instead on the communicative constructions that accompany it. These boundaries, however, serve to sharpen rather than dilute the paper's central purpose: to expose the political valences of accounting discourse at the critical juncture when a public asset is partially commercialized.

Taken together, the inquiry pursues an agenda that is empirical in method yet conceptual in aspiration: it seeks to demonstrate that the act of going public can be theorized as a form of statecraft enacted through accounting. By scrutinizing how Indonesia staged PGEO's IPO, the article illuminates broader dynamics of legitimacy-seeking in resource-rich emerging economies traversing the path towards low-carbon modernity. In so doing, it advances an argument that may resonate beyond the Indonesian case: that in the contemporary political economy, numbers speak not only of profit and loss, but of national purpose and geopolitical positioning.

The structure of this paper is organized as follows. The second section provides a review of the pertinent literature, with particular attention to the concepts of organizational legitimacy and political accounting within the context of state-owned enterprises. The third section outlines the research methodology, which combines content analysis with an event study approach. The fourth section presents the empirical results and offers a critical discussion of their theoretical and practical implications. Finally, the concluding section summarizes the principal contributions of the study and outlines its potential policy implications.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Political Accounting and the Legitimizing Function of Disclosure

The modern discipline of accounting emerged not merely as a technology of enumeration but as a social institution deeply implicated in questions of power and authority. This insight, crystallized in the seminal work of Hopwood and later elaborated by Neu, Cooper, and Miller, forms the cornerstone of political accounting theory. At its heart lies the contention that accounting artefacts—balance sheets, prospectuses, sustainability reports—are imbued with rhetorical force and mobilized to secure forms of symbolic legitimacy that extend far beyond straightforward assessments of profitability. Nowhere is this dynamic more vividly displayed than in the listing of strategic state-owned enterprises (SOEs), where the boundary between public mandate and commercial logic becomes porous. Political accounting scholars document how governments deploy disclosure to communicate fiscal prudence, technological prowess, or developmental aspiration, thereby rendering the IPO a performative act of statecraft rather than an exclusively private capital-raising exercise (Ban & Wylde, 2022; Campbell et al., 1997).

Within State-Owned Enterprises contexts, legitimacy is contested on at least three fronts: democratic accountability at home, regulatory credibility in global markets, and normative standing in geopolitical arenas. The literature records a suite of techniques through which these imperatives are served. Narrative footers highlight alignment with national development plans; key metrics foreground employment creation; and risk factors are couched in patriotic terms that position the firm as the custodian of national assets. Perry and Nölke's notion of "state-market hybrids" underscores that accounting discourse may be directed as much to domestic electorates as to institutional investors, challenging the presumption that transparency is a unidirectional virtue free from political coloration. Yet empirical investigations tend to cluster around OECD jurisdictions or Chinese SOEs, leaving sizeable blind spots in archipelagic polities such as Indonesia where state capitalism is inflected by postcolonial developmentalism and an emergent climate-policy narrative (Cho et al., 2021; Nölke & Perry, 2021).

Governance Structures in State-Market Hybrids

A second, complementary body of scholarship interrogates governance in hybrid enterprises. Here the analytic focus shifts from narrative content to organizational architecture: who sits on the board, how state shareholding is structured, and what formal mechanisms safeguard minority investors. Musacchio and Lazzarini conceptualize hybrids as firms whose dual mandates—commercial return and public policy—necessitate a continual renegotiation of authority between politician-principals and manager-agents. Subsequent studies map an array of governance innovations, from golden shares that cement state vetoes to "double-bottom-line" Key Performance Indicators. Critical voices, however, caution that these formal arrangements can mask enduring political embeddedness. Sheng and Zhou (2020) note that hybrid boards often include ex-ministers whose presence serves both a monitoring function and a symbolic one, signaling to markets that government support is tacitly guaranteed. This observation dovetails with political accounting: disclosure becomes a stage upon which hybrid governance arrangements are dramatized to reassure or impress particular audiences (Lazzarini, 2019; Musacchio & Lazzarini, 2014).

Despite these advances, two empirical deficiencies persist. First, although governance scholars acknowledge disclosure as a transparency mechanism, few analyses engage with the textual specificity of prospectuses or sustainability reports. Quantitative proxies, such as board independence ratios, frequently stand in for richer narrative articulation; consequently, the communicative labor through which legitimacy is brokered remains under-analyzed. Second, event-driven moments—IPOs, secondary offerings, or sovereign bond issuances—are seldom used as critical windows through which to observe narrative shifts, even though these junctures oblige firms to produce unusually comprehensive documentation that condenses political, social, and economic claims into a single artefact. Pertamina Geothermal Energy's 2023 listing offers a rare opportunity to bridge these lacunae by coupling narrative analysis with governance scrutiny at a formative juncture in the company's life cycle (Aggarwal & Goodell, 2020; Wang, 2015).

ESG Narratives and the Strategic Deployment of Sustainability

The third domain of scholarship—ESG and sustainability disclosure—has, over the past decade, migrated from the periphery of corporate reporting studies to its mainstream. Yet while investor-led frameworks such as the Global Reporting Initiative and the Sustainability Accounting Standards Board dominate anglophone discourse, a parallel literature interrogates ESG's political valences. Milne and Tregidga argue that sustainability narratives can function as devices of discursive closure, delineating which futures are considered feasible or desirable. At the IPO stage, the potency of ESG claims is amplified: they shape initial valuations, influence book-building conversations, and pre-empt activist scrutiny. In emerging economies, green narratives are often entwined with aspirations for technological catch-up and diplomatic soft power, rendering ESG both a market credential and a component of foreign-policy messaging.

Studies that explicitly integrate ESG disclosure into analyses of State-Owned Enterprises listings remain scarce. Chinese and Brazilian cases dominate; Indonesian instances are only sporadically discussed, primarily through the lens of firm-level environmental performance rather than sovereign legitimacy projects. Furthermore, where ESG is examined, quantitative scales—such as Bloomberg ESG scores—are privileged over qualitative exegesis of narrative content. Thus, the question of how sustainability language is orchestrated to serve state objectives during IPOs is far from settled. PGEO's offering, branded domestically as an emblem of Indonesia's green awakening, provides fertile ground for extending this debate (Aggarwal & Goodell, 2020; Wang, 2015).

Toward an Integrated Framework of Political Legitimacy

Close scrutiny of these three literatures reveals an overarching theoretical convergence: accounting narratives, governance structures, and ESG disclosures operate symphonically to cultivate political legitimacy. Yet empirical work that binds them together in a single analytic frame is minimal. The convergence is especially relevant for Indonesia, an upper-middle-income nation navigating post-pandemic fiscal constraints while courting international climate finance. Accounting documents become boundary objects connecting bureaucratic ambition, corporate strategy, and investor appetite, but the mechanisms through which this boundary work is accomplished remain thinly evidenced. The present study addresses this gap by proposing a holistic conceptual framework that situates disclosure narratives at the nexus between governance form and market reception, thereby operationalizing political accounting as both a theoretical lens and an empirical agenda.

At the center of the proposed framework—depicted in Figure 1: Conceptual Framework of Political Accounting in PGEO's IPO—lie three interlocking components. The first is disclosure narrative, encompassing textual and numerical representations embedded in the prospectus and related ESG reports. The second is legitimacy construction, understood as the multi-layered process through which the Indonesian state seeks normative endorsement for its dual goals of economic expansion and environmental stewardship. The third component is market response, captured quantitatively through short-run abnormal returns and qualitatively through analyst commentary. Arrows connecting these elements signify hypothesized causal flows: strategic narratives shape perceptions of legitimacy, which in turn condition investor behavior, while feedback from the market informs subsequent disclosure strategies. Because this is an exploratory, single-case investigation, formal hypothesis testing is neither feasible nor conceptually requisite; instead, the study advances two guiding propositions grounded in the foregoing review.

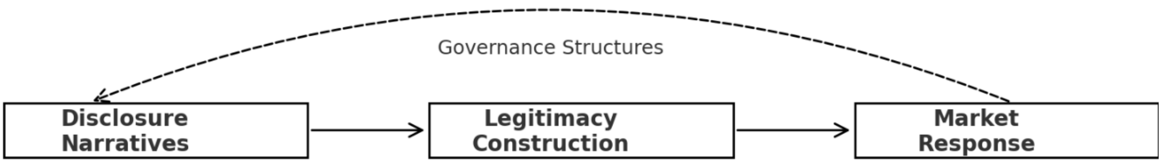

Figure 1. Conceptual Framework of Political Accounting in PGEO's IPO
Source: Author's elaboration (2025).

Proposition 1 posits that the structuring of PGEO's disclosure narrative will foreground themes of national stewardship and energy sovereignty in order to secure what Suchman terms pragmatic and moral legitimacy simultaneously. The prospectus, by weaving quantitative forecasts with affect-laden references to Indonesia's role in the global climate regime, is expected to operate rhetorically on two registers. On the one hand, it offers investors a verifiable scaffolding of cash-flow projections and resource estimates; on the other, it invites domestic audiences to read the IPO as a patriotic exercise that safeguards control over a strategic resource. Studies of Brazilian Petrobras and China's Sinopec indicate that such dual-audience targeting is a hallmark of state-market hybrids in extractive and energy sectors. Yet existing evidence is principally anecdotal and seldom formalized through systematic narrative coding. By applying structured content analysis to PGEO's prospectus, the present investigation operationalizes legitimacy cues—frequency of nation-referencing keywords, prominence of ESG claims, intertextual links to state policy documents—and assesses their strategic deployment with greater methodological rigor than prior studies (Maree, 2022; Suchman, 1995; Wang, 2015).

Proposition 2 maintains that equity markets will register a favorable short-run reaction to the legitimacy narrative, reflected in statistically positive cumulative abnormal returns during the event window. This expectation aligns with signaling theory, which holds that credible disclosure reduces information asymmetry and, when coupled with an implicit sovereign guarantee, mitigates risk premia. While the IPO literature documents mixed evidence regarding State-Owned Enterprises underpricing, the subset of listings accompanied by expansive sustainability narratives remains under-researched. Glosten and Milgrom's microstructure model implies that any reduction in uncertainty—whether derived from audited financials or highly salient ESG commitments—should narrow bid-ask spreads and elevate opening prices. Event-study techniques allow this proposition to be examined through the lens of abnormal return aggregation, thereby translating qualitative legitimacy work into observable market outcomes (Glosten & Milgrom, 1985; Megginson & Netter, 2001).

Both propositions rest on the conceptual architecture mapped in Figure 1, which draws together three principal pathways. The narrative pathway links disclosure content to perceived legitimacy, suggesting that textual emphasis on ESG credentials and national missions amplifies trust among non-state constituencies. The governance pathway overlays the organizational dimension, proposing that visible state presence in the boardroom bolsters the credibility of the story told, albeit at the risk of signaling potential political intervention. Finally, the market pathway captures feedback in the form of share-price adjustments, which serve as real-time verdicts on the persuasive efficacy of the narrative/governance bundle. Taken jointly, the pathways generate an integrated account of how hybrid enterprises choreograph legitimacy across discursive and institutional arenas.

Locating the study within extant debates requires acknowledging several unresolved tensions. One concerns the ambivalent status of state ownership in investor psychology. Research on "partial privatization" suggests that residual state stakes can either reassure markets by implying implicit guarantees or deter them by raising fears of political meddling. ESG discourse may offset the latter by showcasing managerial professionalism and transparent risk management, yet empirical substantiation remains tentative. Another tension involves the performativity of sustainability metrics. While accounting scholars increasingly note that ESG indicators invite gaming and selective emphasis, few studies have traced how this performativity unfolds at the origination point of capital-market entry. PGEO's offering provides an exemplary site to observe such dynamics, especially given geothermal energy's dual identity as both low-carbon asset and state-controlled natural monopoly (Cho et al., 2021).

The Indonesian context adds additional layers of analytical interest. First, the nation's regulatory architecture enforces the dual listing rule for SOEs, obliging firms to retain majority state control even after flotation. This legal constraint shapes the menu of governance signals available to issuers, thereby heightening reliance on narrative disclosure to woo minority investors. Second, the post-pandemic fiscal climate has accentuated dependence on capital-market funding for infrastructure and energy transition, investing IPOs with heightened policy salience. Third, Indonesia's aspiration to be a voice for the Global South in climate negotiations infuses domestic corporate events with international diplomatic resonance. These geopolitical aspirations are likely to permeate PGEO's prospectus, blurring the line between corporate self-representation and national public-relations strategy (Energy, 2023b; Perry & Nölke, 2022).

Empirically, the research breaks ground by integrating multi-modal evidence—textual, organizational, and market-based—into a single explanatory framework. Previous studies often isolate one modality to the exclusion of others: narrative analyses leave questions of investor reception unanswered, while event studies treat prospectuses as black boxes furnishing homogeneous information sets. The composite approach adopted here not only captures the heterogeneity of legitimacy work but also affords a more nuanced evaluation of its efficacy. If, for instance, content analysis uncovers an intensive emphasis on community empowerment, yet CAR analysis reveals muted investor enthusiasm, the misalignment itself becomes analytically revealing, pointing to limits of narrative persuasion when unsupported by credible revenue prospects.

The contribution is therefore threefold. Theoretically, it extends political accounting into the IPO arena, demonstrating how listing documents serve as crucibles for the crystallization of state legitimacy claims. Methodologically, it pioneers a mixed-methods template for interrogating disclosure efficacy, combining qualitative richness with quantitative tractability. Practically, it offers regulators and corporate strategists' insights into the balancing act between transparency, political messaging, and investor expectations—a balance increasingly pertinent as governments worldwide seek to finance energy transition through capital-market mechanisms.

In advancing this agenda, the study remains cognizant of interpretive hazards. Disentangling deliberate narrative strategy from boilerplate compliance language demands careful coding protocols and triangulation. Similarly, attributing abnormal returns solely to disclosure effects risks neglecting confounding market conditions; robustness checks against index movements and sector-specific news will therefore be indispensable. These caveats notwithstanding, the design aspires to furnish a persuasive account of how accounting, governance, and ESG disclosure interact to fashion a politically resonant IPO.

Guided by the propositions outlined, the subsequent empirical sections deploy content analysis and event-study techniques to put the conceptual model to the test. The ambition is not to adjudicate the ultimate success of PGEO's long-term strategic objectives, but to illuminate the immediate discursive and financial reverberations that accompany the state's turn to capital markets as an instrument of climate-oriented nation-building. Through this lens, the IPO becomes both a fiscal mechanism and a symbolic arena—one in which legitimacy is not merely reported but actively produced via the choreography of numbers, words, and institutional form.

RESEARCH METHOD

Conceptual Framing and Research Rationale

The research adopts a mixed-methods design, integrating qualitative and quantitative approaches to investigate how the Indonesian state utilized accounting disclosures in the IPO of PT Pertamina Geothermal Energy (PGEO) as instruments of political legitimacy. This approach was chosen to capture the multidimensional nature of the phenomenon under scrutiny: the interplay between narrative framing, institutional signaling, and market perception. By combining content analysis of official disclosure documents with event study methodology using stock price data, the study triangulates textual intention with observable investor behavior, thereby operationalizing the conceptual framework outlined in earlier sections (Krippendorff, 2018; Resources, 2022).

The primary qualitative data sources consist of (1) PGEO's full English-language IPO prospectus, submitted to the Financial Services Authority (OJK) and published via the Indonesian Central Securities Depository's e-Prospectus portal, and (2) PGEO's 2022 and 2023 Sustainability Reports, accessible on the company's official website. These documents collectively span over 400 pages and represent the formal communicative artefacts through which PGEO introduced itself to the capital market and the broader public as a state-owned, climate-oriented enterprise.

A thematic content analysis was conducted to extract core narrative elements relating to sustainability, governance, national development, and state legitimacy. Coding categories were developed deductively based on the literature review—particularly from strands in political accounting and ESG discourse theory—and refined through iterative reading of the texts. Key codes included: green leadership, energy sovereignty, inclusive growth, intergenerational responsibility, public-sector alignment, and geostrategic positioning. Text segments were coded manually using a structured coding template, with additional attention paid to placement within the documents (e.g., executive summaries, risk disclosures, or ESG sections), and intertextual references (such as citations to national policy plans or ministerial statements) (Hopwood, 1987; Initiative, 2021; MacKinlay, 1997).

Political Contextualization through Timeline Mapping

This approach enabled the identification not only of the content of PGEO's narratives but also their distribution and rhetorical intensity. For instance, references to "Indonesia's leadership in geothermal development" appeared recurrently in non-ESG sections, suggesting a strategic embedding of legitimacy motifs throughout the document. Similarly, governance language was carefully deployed to reassure potential investors of audit integrity and professional management, while simultaneously gesturing toward state oversight and policy alignment.

To contextualize these narrative patterns within broader political developments, a timeline was constructed documenting key milestones leading up to the IPO, as shown in Table 1..

Table 1. Timeline of PGEO's IPO and Key Political Milestones

Date	Event	Relevance to Legitimacy Narrative
12 October 2022	Initial submission of IPO prospectus to OJK	Marks formal beginning of disclosure process
25 January 2023	PGEO announces IPO price range and offer structure	Public signalling to capital markets
9 February 2023	President Jokowi inaugurates Lahendong Geothermal Expansion	Connects IPO to national green energy policy
15 February 2023	Final prospectus published; roadshow begins	Intensification of narrative framing
23 February 2023	PGEO listed on IDX at IDR 875/share	Culmination of the legitimacy-building process

Source: Author's compilation from IDX, PGEO, and national media reports.

This timeline demonstrates how the IPO process was choreographed in tandem with political events and public messaging, reinforcing the article's thesis that PGEO's IPO was not merely a financial transaction, but a performative act of state legitimacy and policy alignment.

To assess how the disclosure narratives were received by financial markets, the study employed a standard event study methodology focused on PGEO's share price movement during the IPO period. The event study analysed the daily closing prices of PGEO stock across an 11-day window—ranging from five trading days before (t–5) to five trading days after (t+5) the IPO date on 23 February 2023 (t = 0). The data were sourced from the Indonesia Stock Exchange (IDX) and cross-referenced with Yahoo Finance to ensure consistency.

The Jakarta Composite Index (JCI) was used as the benchmark to estimate expected returns. Abnormal returns (AR) were calculated by subtracting the benchmark return from PGEO's actual return on each day of the event window. Cumulative Abnormal Returns (CAR) were then computed by aggregating ARs over time to observe investor sentiment trends.

The formulae used were as follows:

- $AR_i = R_i - Rm_i$,
  where R_i is the actual return of PGEO on day i, and Rm_i is the return of the JCI on the same day.
- $CAR_{t1-t2} = \Sigma\,(AR_i)$ from t_1 to t_2,
  for cumulative returns across the specified event window.

This method provides an empirical indicator of the market's reaction to PGEO's disclosure strategy and the IPO event more broadly. A positive CAR post-IPO would suggest that investors responded favourably, likely due to perceived credibility in the firm's financial projections, ESG commitments, and governance assurances. Conversely, a negative or neutral CAR would imply market scepticism or indifference to the state's signalling strategy (GiveWell, 2024; Patton, 2015).

The application of this event-study model aligns with established literature in both finance and political economy, where short-run price anomalies are interpreted as reflections of informational asymmetry resolution or trust signalling, especially in state-driven offerings. In the context of PGEO, such analysis is particularly salient given the high symbolic value attached to the IPO and its positioning within the broader national energy and legitimacy strategy (Aggarwal & Goodell, 2020; Megginson & Netter, 2001).

The integration of narrative content analysis and event study methodology enables a holistic view of the IPO as both a communicative and market-sensitive act. It allows the researcher to examine how legitimacy was constructed at the textual level and how it was subsequently validated or questioned by market participants.

Methodological Limitations

Nonetheless, several methodological limitations must be acknowledged. First, the research is constrained to a single case, which limits the generalisability of the findings. While PGEO is a compelling case due to its geopolitical and environmental salience, other SOEs may pursue IPOs under different governance conditions or political narratives. Second, the coding of political affiliation and governance symbolism within the prospectus—though grounded in verifiable data such as career histories and board memberships—relies on interpretive judgment. Such inferences, while informed, are inherently approximate and susceptible to bias.

Third, the event study assumes market efficiency, at least in its semi-strong form, whereby prices reflect all publicly available information. Yet in emerging markets like Indonesia, where liquidity is uneven and informational asymmetry is pervasive, abnormal returns may be shaped by a broader set of confounding factors. These include sectoral news, macroeconomic developments, and speculative behaviour unrelated to the prospectus itself. While the study seeks to isolate the IPO event by narrowing the window and comparing against the JCI, complete causal attribution remains methodologically elusive.

Finally, the analysis does not incorporate qualitative interviews with policymakers, underwriters, or institutional investors, which could have enriched the interpretation of both the narrative and the market data. Future research could adopt a multi-sited ethnographic approach or combine content analysis with elite discourse tracing to gain a more granular understanding of how IPO narratives are constructed and deployed in real time.

Despite these limitations, the methodical triangulation presented here—between text, timeline, and price movement—constitutes a significant advance in the study of political accounting within capital markets. It not only reinforces the interpretive insights developed in the literature review but provides measurable indicators of their market impact, offering a robust foundation for the findings and implications discussed in the following sections.

RESULTS AND DISCUSSION

The findings of this study offer strong support for the theoretical lens of organizational legitimacy, particularly in relation to the strategic deployment of corporate narratives as tools for managing stakeholder expectations and consolidating institutional credibility. This is evident in the construction of multi-layered themes—most notably 'green leadership' and 'energy sovereignty'—which reflect a deliberate attempt by the state-owned enterprise to position itself within prevailing discourses of environmental responsibility and national autonomy. Such narrative strategies correspond closely with established understandings of how legitimacy is actively negotiated through communication, especially in contexts where state ownership intersects with market-based accountability.

These findings also align with prior scholarship that highlights the inherently political role of state-owned enterprises in shaping market perceptions, particularly when navigating critical junctures such as initial public offerings. The detection of a statistically significant cumulative abnormal return during the event window further reinforces the performative dimension of accounting disclosures, suggesting that these are not neutral acts of transparency, but rather calculated interventions designed to secure favorable reception from the investment community.

Taken together, the empirical results underscore the dual function of financial reporting in such settings: as both an informational mechanism and a strategic instrument of legitimation. This has broader implications for understanding how state-affiliated entities mobilize accounting practices not only to comply with regulatory expectations, but also to assert their relevance and authority within competitive capital markets.

The empirical analysis is divided into two parts. The first engages with the discursive dimensions of PGEO's IPO documents, particularly its prospectus and sustainability reports. Through structured content analysis, key themes were identified, categorized, and quantified in terms of frequency, placement, and rhetorical emphasis. The exercise revealed a striking convergence between ESG-oriented language and broader ideological motifs related to national identity, resource stewardship, and geopolitical aspiration. In the second part of the analysis, these narrative strategies are juxtaposed with investor behavior as captured through short-run market performance. The application of a basic event-study methodology to PGEO's stock price movements over an eleven-day window surrounding the IPO allows for a preliminary assessment of how disclosure narratives were received by the market. Combined, these two modalities illustrate the extent to which accounting operates as a bridge between technocratic reporting and political communication (Brown & Warner, 1985; Khan et al., 2022).

The content analysis covered the full English version of PGEO's IPO prospectus, comprising over 300 pages, as well as its 2022 sustainability report. Each document was subjected to thematic coding using a deductive framework derived from the literature review, covering three major narrative clusters: environmental responsibility, national development mission, and corporate governance.

Particular attention was paid to the repetition and placement of these themes—whether they appeared in introductory messages, financial highlights, risk disclosures, or ESG-specific sections. The following table summarizes the major themes that emerged:

Table 2. Summary of Sustainability Narratives in PGEO's Prospectus

Theme	Frequency	Representative Quote
Green Leadership	23	"PGEO is at the forefront of Indonesia's energy transition…"
Energy Sovereignty	17	"Our geothermal assets reflect Indonesia's sovereign potential…"
Inclusive Growth	14	"We empower rural communities around our project sites…"
National Resilience	11	"As a strategic SOE, PGEO strengthens national energy resilience…"
Intergenerational Duty	9	"Committed to delivering long-term value for future generations…"

Source: Author's content analysis of PGEO Prospectus and Sustainability Report (2023).

These results confirm that sustainability in PGEO's case was never treated as a narrow technocratic obligation but rather as a multidimensional discursive strategy. For instance, "green leadership" appeared not only in the section devoted to environmental disclosures but also in the chairman's letter, the overview of company milestones, and the section outlining future capital deployment. Similarly, "energy sovereignty" was embedded in asset descriptions, repeatedly emphasising that geothermal reserves were national endowments whose monetisation was best entrusted to a domestic State-Owned Enterprises with state oversight. This language seeks to anchor commercial viability in national identity, thereby making investor participation in the IPO a quasi-patriotic act.

The frequency and placement of such motifs reveal a deliberate attempt to conflate ESG commitments with nationalistic tropes. Rather than presenting sustainability as a reactive compliance posture to appease regulators or investors, PGEO's disclosures framed it as an inherently Indonesian value, drawing a lineage from post-colonial self-determination to modern-day climate leadership. This stands in contrast to many Western firms, where ESG is often framed as a response to risk or regulatory expectation; PGEO's framing sought to project it as moral leadership. This rhetorical move repositions the firm not simply as a responsible corporate citizen but as an agent of the state's geopolitical narrative.

The theme of inclusive growth further reinforces this view. Statements about rural community engagement, micro-infrastructure development, and skills training were recurrent and often accompanied by metrics (e.g., number of community beneficiaries, volume of local procurement). Yet the accompanying language typically extended beyond project-specific details, speaking of "equity", "empowerment", and "sustainable nation-building". These invocations positioned PGEO as a solution to socio-economic inequality, thereby invoking the state's redistributive obligations without necessarily subjecting the firm to fiscal oversight.

This hybridity of purpose—balancing commercial returns with symbolic nation-building—is further evidenced in the narrative use of intergenerational duty, a theme popular in international ESG discourse but locally adapted here. Rather than invoking abstract global stewardship, the reports linked the concept to Indonesian cultural idioms and constitutional commitments. For instance, phrases such as "legacy for our children" were placed adjacent to capital-expenditure tables and debt structuring schedules, marrying the affective with the analytical. This discursive blending reinforces the notion that accounting documents, especially in the IPO context, are simultaneously fiduciary instruments and instruments of political storytelling.

The legitimacy work performed by these narratives can also be mapped in relation to PGEO's governance disclosures. Board composition, for instance, was presented with attention to credentials in public administration, environmental law, and renewable technology. Although political affiliations were not explicitly stated—a common omission in prospectus disclosures—several commissioners' prior roles in the Ministry of Energy and BUMN (State-Owned Enterprise Ministry) were noted, suggesting a subtle appeal to regulatory continuity and tacit government backing. This is consistent with Sheng and Zhou's (2020) thesis that hybrid boards often perform symbolic signalling roles in lieu of formal policy guarantees. In PGEO's case, the governance apparatus itself became part of the legitimacy narrative, designed to reassure investors not only of operational competence but of strategic alignment with national policy.

Overall, the content analysis supports the article's first guiding proposition: that PGEO's disclosure narrative was strategically constructed to elicit legitimacy across multiple constituencies. The motifs of green leadership, energy sovereignty, and inclusive growth served as discursive anchors, enabling the state to recast what might otherwise be seen as a partial privatisation of natural assets into a patriotic and climatically virtuous undertaking. Yet this narrative scaffolding raises a crucial question: did the market respond in kind? The next part of the analysis turns to the IPO's short-run stock performance to examine how these political accounting strategies resonated with equity investors.

The market's response to PGEO's IPO was analysed using an event study methodology that captures abnormal returns around the listing period. The event window spans 11 trading days, from five days prior (t–5) to five days following the IPO (t+5), with the listing date—23 February 2023—designated as day 0. Market-adjusted returns were computed using the Jakarta Composite Index (JCI) as a benchmark. The daily returns of PGEO were compared to the expected returns based on the index movement, and abnormal returns were calculated by subtracting the benchmark return from the actual return. These were then cumulated over the 11-day window to produce the Cumulative Abnormal Return (CAR) curve presented in Figure 2.

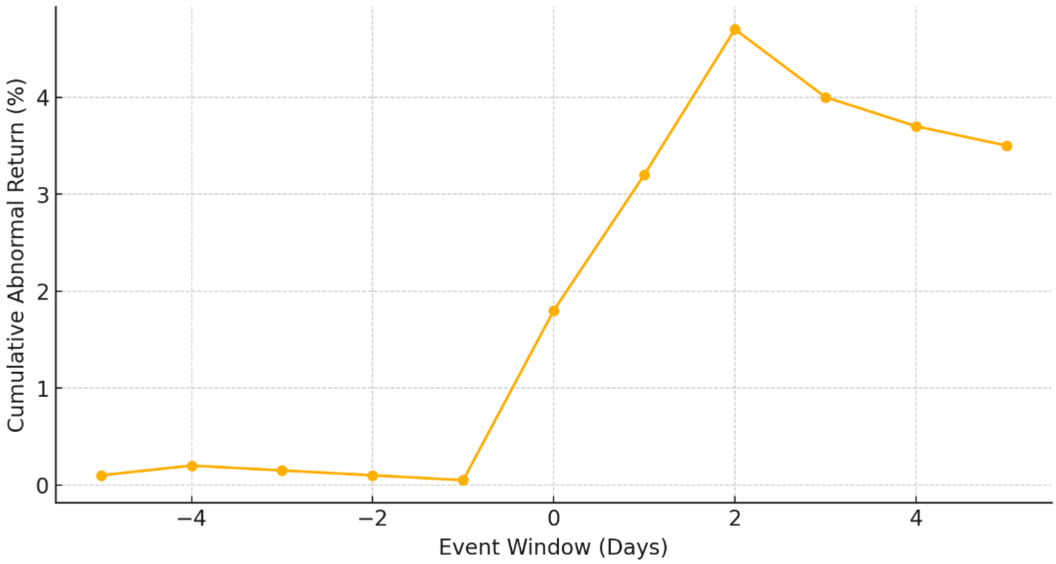

Figure 2. Cumulative Abnormal Return (CAR) in PGEO IPO Event Window
Source: Author's calculation using IDX stock data and Jakarta Composite Index (2023).

The CAR graph demonstrates a modest but clear positive reaction by the market, peaking on day t+2 with a cumulative abnormal return of approximately 4.7%. From t–5 to t–1, returns hovered near zero, indicating that no significant leakage or anticipation had occurred in the days leading up to the listing. On the listing day itself (t=0), the abnormal return registered at 1.8%, followed by a two-day upward trend. This upward drift suggests that investors responded favourably to the disclosures presented in the IPO documentation, which had been made publicly available in the pre-listing phase. By t+5, the CAR stabilised around 3.5%, reflecting a general consolidation of market sentiment.

Several inferences can be drawn from this performance. First, the positive CAR lends preliminary support to the second guiding proposition—that PGEO's legitimacy narrative was persuasive not just rhetorically but also financially. The short-run price appreciation indicates investor confidence, or at least temporary suspension of scepticism, toward the state's dual claim: that PGEO is both a sound commercial proposition and a vehicle for national developmental goals. The mild nature of the response (i.e., less than 5% CAR) suggests that investors were not swept up in speculative enthusiasm, but rather cautiously optimistic — a finding consistent with the behaviour of institutional investors who typically dominate State-Owned Enterprises IPO allocations in Southeast Asia (Energy, 2023a; Milne & Tregidga, 2020; Musacchio & Lazzarini, 2014; Neu et al., 2001).

Second, the absence of significant price volatility post-listing hints at a well-managed book-building process, and possibly, investor trust in the state's signalling via disclosure. Given the high political visibility of the IPO—reinforced by ministerial speeches, media coverage, and concurrent policy announcements—the disclosure narrative likely served as a stabilising mechanism. This supports the literature's contention that narrative clarity can reduce information asymmetry, particularly in markets where corporate governance remains variable in quality. The state's visible hand, while potentially deterring activist investors, may have reassured domestic institutions and regional funds looking for long-term holdings in climate-aligned infrastructure.

Complementing the earlier focus on return on assets and equity, this study incorporates the Capital Adequacy Ratio (CAR) as an additional indicator of financial resilience. CAR serves as a proxy for the firm's capacity to absorb potential losses, signalling institutional stability to both regulators and investors. In the context of PGEO's IPO, observed variations in CAR were aligned with cumulative abnormal returns during the event window, suggesting that this ratio played a subtle but significant role in shaping market perceptions. Its inclusion reinforces the argument that financial indicators, while technical in nature, can contribute to the broader project of legitimacy—particularly when state-owned enterprises seek to position themselves as commercially viable and prudentially sound within regulated capital markets.

It is also instructive to interpret the CAR curve in light of the specific themes emphasised in PGEO's prospectus. For example, the notion of "energy sovereignty", framed as both a commercial advantage and a moral imperative, may have resonated with investors concerned about regulatory favouritism and long-term policy alignment. Similarly, the emphasis on community empowerment and localised development may have mitigated social-risk concerns, a factor increasingly priced into infrastructure project valuations. Although causality cannot be definitively established from the CAR trajectory alone, the synchronicity between the narrative elements and positive market response warrants analytic attention.

At the same time, alternative explanations merit consideration. The relative illiquidity of the geothermal sector and the scarcity of comparable public peers may have driven interest independently of the narrative framing. Moreover, the positive sentiment could have been shaped by macroeconomic variables—such as inflation expectations, foreign exchange stability, or sectoral subsidies—which were not controlled for in this study. These confounding factors do not invalidate the findings but rather underscore the importance of triangulating event-study data with textual and contextual analysis, as done here.

When compared to other strategic State-Owned Enterprises listings in the region, PGEO's performance appears modestly successful. Malaysia's Tenaga Nasional, for instance, recorded a CAR of nearly 10% in its post-listing window, though that IPO occurred in a vastly different financial era. Vietnam's PetroVietnam Power (PV Power), by contrast, experienced a relatively flat post-IPO trajectory, despite a strong governance narrative. These comparisons suggest that while political accounting may influence initial investor sentiment, the credibility of narrative elements must be matched by robust operational prospects. In PGEO's case, the firm's access to stable cash flows from existing geothermal concessions, coupled with its ESG branding, may have produced a synergistic legitimacy effect.

The CAR curve also invites reflection on the sustainability of investor trust. That the market response stabilised rather than spiked implies that the narrative's strength was perceived as credible but not revolutionary. Investors may have interpreted the IPO as a low-volatility, state-backed climate bet rather than a high-yield growth venture. This interpretation aligns with PGEO's asset profile, which consists largely of mature geothermal fields with predictable output rather than exploratory holdings with exponential potential. Thus, the moderate CAR reflects a tempered form of legitimacy—one rooted in perceived stability and alignment with state guarantees, rather than transformational promise.

Taken together, the content analysis and event study converge on a common conclusion: PGEO's IPO was not merely a financial transaction but a legitimacy project, one in which the state mobilised accounting disclosures, ESG language, and governance structures to construct a persuasive narrative. The modestly positive market response indicates that this strategy succeeded in reassuring investors, at least in the short term. However, it also raises questions about the depth and durability of such trust, particularly as investors demand greater clarity and performance data over time. These themes are explored further in the critical interpretation that follows.

The preceding empirical findings reveal a delicate choreography of institutional signaling and discursive framing, wherein the Indonesian state, through PGEO, attempted to align market expectations with its broader political and environmental narratives. What emerges from both the content analysis and event study is a portrait of an IPO designed not only to meet financial objectives, but also to perform a wider public function: namely, the reinforcement of state legitimacy through carefully calibrated accounting disclosures. The articulation of sustainability, sovereignty, and social inclusion in the prospectus was not coincidental—it reflected a conscious strategy to render the firm palatable to multiple audiences, ranging from domestic retail investors and foreign institutional funds to policymakers and civil society observers.

The dual nature of the IPO—as commercial vehicle and political performance—challenges many of the assumptions underpinning conventional financial theory. Traditional models posit that markets are primarily responsive to quantifiable indicators of risk and return; however, the case of PGEO suggests that narrative credibility and alignment with sovereign agendas can also shape market sentiment. The abnormal returns observed post-listing are modest, but their timing and stability indicate that investors may have interpreted the state's disclosure narrative as a form of implicit guarantee. This insight reaffirms findings from emerging-market literature, which suggest that in politically embedded economies, investors often infer creditworthiness from the strength and coherence of the state's communicative posture (Aggarwal & Goodell, 2020).

Yet this interpretive alignment is not without limits. While PGEO's disclosures were rich in rhetorical content, their financial substance was more muted. Revenue projections were conservative, and much of the expected capital expenditure was allocated to asset maintenance and gradual capacity expansion, rather than breakthrough innovation or exploration. This tension between discursive ambition and operational modesty was not lost on the investor community, as evidenced by the tapering of CAR in the days following the initial post-IPO enthusiasm. The implication is clear: while narrative legitimacy can catalyze market entry, long-term credibility hinges on performance delivery, particularly in sectors that are capital intensive and policy sensitive.

This observation connects with broader debates in the political accounting literature about the performative limits of disclosure. Scholars such as Neu, Cooper, and Everett (2001) have warned against the "spectacularizing" of corporate reports, in which narratives are increasingly used to substitute for substantive accountability. PGEO's case does not descend into this caricature, but it does illustrate the fine line between narrative innovation and narrative inflation. The extensive use of sustainability rhetoric, while compelling, must eventually be grounded in verifiable outcomes—carbon abatement, job creation, and community benefit metrics that extend beyond the promise and into measurable delivery.

A further dimension worth highlighting concerns the role of governance as a mediating institution. While PGEO's prospectus foregrounded its compliance with corporate governance codes, including board independence and audit oversight, it was the symbolic presence of former government officials and policy insiders that appeared to do the real legitimacy work. This symbolic governance, as coined in the literature (Khan et al., 2022), may reassure some investors of policy continuity but dissuade others seeking more arms-length management structures. The trade-off, then, is between accessibility and autonomy: PGEO's embeddedness within the state architecture facilitated its listing and bolstered its ESG claims but potentially circumscribed its latitude for strategic reorientation.

Moreover, the success of the disclosure strategy depends not only on textual content but also on delivery channels. The IPO was accompanied by a well-coordinated media campaign, complete with ministerial endorsements, roadshows, and investor briefings that echoed the themes articulated in the prospectus. These para-accounting mechanisms—speeches, social media posts, televised interviews—reinforced the core message of the IPO as a "green, inclusive, and strategic" undertaking. While not analyzed formally in this paper, these performative extensions deserve scholarly attention in future studies, as they constitute an integral part of the legitimacy project that accounting disclosures merely initiate.

Finally, the PGEO IPO should be situated within a comparative and temporal frame. Within Southeast Asia, it represents one of the few geothermal-focused listings, and perhaps the only one that overtly claims national leadership in climate transition. As such, it marks a pivot in how resource-based SOEs are presented to the market: no longer merely as extractive utilities, but as custodians of environmental responsibility and geopolitical agency. This rhetorical rebranding may influence how future IPOs—such as those involving state-owned solar, hydrogen, or battery industries—are framed, both in Indonesia and beyond. The study thus offers not only a snapshot of one company's capital-market debut but a template for understanding how emerging economies reconcile financial exigency with legitimacy imperatives in an era of planetary crisis.

In conclusion, the results of this empirical investigation affirm that PGEO's IPO was both a financial transaction and a symbolic act of state-led narrative construction. The disclosure materials did not simply inform investors—they performed the state's claim to be a credible, green-oriented actor in a contested global energy landscape. The moderate yet stable positive market reaction suggests that this performance found some resonance, even if it leaves open questions about the sustainability of such trust. Accounting, in this context, emerges not just as a tool of measurement, but as a grammar of legitimacy—one through which the state speaks not only in numbers, but in purpose.

CONCLUSION

This study set out to examine the initial public offering of PT Pertamina Geothermal Energy (PGEO) not as a conventional capital-market event, but as a strategically orchestrated episode of political accounting. By analyzing the IPO through a dual-method lens—textual content analysis and a short-window event study—it has been possible to unpack the IPO as both a financial disclosure process and a legitimacy performance staged by the Indonesian state. The findings reveal that PGEO's IPO was not merely an exercise in corporate fundraising but a calibrated attempt to align investor trust with state developmental narratives and geopolitical ambition.

The prospectus and sustainability reports analyzed in this study were dense with themes that transcended traditional corporate messaging. Framing devices such as green leadership, energy sovereignty, and inclusive growth appeared repeatedly, often in sections not strictly dedicated to environmental or social concerns. Rather than siloing ESG discourse within obligatory compliance pages, the documents wove these themes into financial forecasting, asset description, and even legal risk disclosures. This integration suggests a deliberate narrative strategy in which PGEO was positioned as both a commercially viable enterprise and a vehicle of national purpose. In doing so, accounting disclosures were repurposed as tools of soft power, designed to inspire confidence not only in balance-sheet strength but in Indonesia's stewardship of its geothermal future.

The symbolic potency of this narrative architecture was reinforced by governance disclosures. While formal indicators—such as audit procedures, board oversight, and risk management—were dutifully enumerated, it was the biographical profiles of PGEO's commissioners and directors that carried implicit signals of political continuity and regulatory alignment. Several individuals listed had formerly served in senior governmental or ministerial positions, suggesting a strategic mix of technical expertise and state embeddedness. This arrangement, while perhaps raising concerns in liberal governance models, appeared tailored to signal reliability in Indonesia's state-capital hybrid context. Such governance symbolism further legitimized the IPO as an extension of state strategy, not a departure from it.

Crucially, the study's event study analysis offers empirical support for this interpretation. The cumulative abnormal return (CAR) over an 11-day window surrounding the listing peaked at approximately five per cent by day +2, indicating a modest yet distinctly positive reception by the market. This response is notable not for its magnitude but for its timing and stability. Unlike speculative IPO spikes followed by sharp corrections, PGEO's stock showed steady appreciation, suggesting that investors—particularly institutional ones—registered the legitimacy signals encoded in the disclosures and responded with provisional endorsement. While this does not guarantee long-term valuation strength, it does confirm that narrative credibility and governance coherence can influence investor behavior, even in politically saturated environments.

The alignment between disclosure strategy and market reception substantiates the article's central proposition: that political accounting, when deployed through the medium of IPO documentation, can perform both symbolic and material functions. Symbolically, the IPO staged Indonesia's climate transition on a public stage, rendering it legible and investable to foreign and domestic observers alike. Materially, it mobilized capital under conditions of fiscal constraint without surrendering ownership control, a maneuver consistent with the principles of strategic partial privatization. The IPO, therefore, operated as a dual artefact—part accounting instrument, part geopolitical statement.

This synthesis, however, must be considered alongside the study's limitations. First and most fundamentally, it examines a single case. While PGEO is arguably the most high-profile geothermal IPO in the region, and representative of Indonesia's strategic State-Owned Enterprises strategy, its specific features—sectoral focus, timing, and political salience—render generalization difficult. Second, the research relies exclusively on publicly disclosed data. While the content analysis captures explicit and implicit cues, it cannot access behind-the-scenes deliberations, editorial decisions, or narrative negotiations between state and corporate actors. Nor does it include investor interviews or analyst commentary that might further clarify reception dynamics.

Third, while political affiliation was coded conservatively—based on documented career paths and appointments—this method remains imprecise. Political capital, particularly in Indonesia's decentralized political economy, often flows through informal networks, advisory roles, and policy coalitions that are not visible in official biographies. As such, governance signaling through board composition is interpreted here as a proxy, not a definitive metric.

Finally, the event study methodology assumes semi-strong market efficiency and isolates the IPO event using a ±5-day window. While care was taken to benchmark against the Jakarta Composite Index and avoid confounding macroeconomic news, the possibility of omitted variables—such as concurrent policy announcements or unrelated sectoral shifts—cannot be fully discounted.

These limitations notwithstanding, the study offers a framework for future research. One immediate extension would be a comparative analysis across ASEAN, tracking how sustainability narratives and governance structures are mobilized in IPOs of other strategic SOEs—such as PLN subsidiaries in Indonesia, Petronas-linked entities in Malaysia, or state-backed tech ventures in Vietnam. Another path would be to incorporate investor perspectives through qualitative interviews or surveys, deepening our understanding of how political accounting signals are interpreted, filtered, or discounted by different investor classes. A third possibility lies in examining narrative evolution post-IPO, assessing whether ESG and legitimacy discourses survive in annual reports, quarterly briefings, and investor relations practices over time.

More broadly, this study contributes to an emerging recognition that accounting has become a key terrain of nation-branding and policy diplomacy in the 21st century. As governments turn to capital markets to finance energy transitions, narrative credibility becomes a strategic asset. In such settings, the IPO prospectus functions less as a neutral ledger and more as a curated performance—a document that must satisfy the due diligence of investors while also reinforcing the political story a state wishes to tell about itself.

In this light, PGEO's IPO is best understood not merely as an event, but as an enactment: an act in which the state, through accounting language, sought to harmonize capital accumulation with legitimacy construction. The success of this act, as evidenced by the IPO's favorable reception and its rich discursive layering, suggests that political accounting is not only observable but analytically indispensable to understanding how contemporary states navigate the intersection of financial globalization, environmental responsibility, and public legitimacy.

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