

MAPPING IDEA & LITERATURE FORMAT | RESEARCH ARTICLE

# Accounting for Social Impact: Measuring Labor Welfare and Fair Compensation in SDG-Based Reporting

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## ABSTRACT

This study examines the role of social impact accounting in measuring labor welfare and fair compensation within Sustainable Development Goal (SDG)-based reporting frameworks. The primary objective of the research is to analyze how labor welfare indicators and compensation equity are conceptualized, measured, and integrated into sustainability reporting, with particular emphasis on their alignment with SDG 8 on decent work and inclusive economic growth. Employing a qualitative research design grounded in an extensive literature-based analysis, the study synthesizes peer-reviewed academic research, international institutional reports, and global sustainability reporting standards to identify dominant measurement practices, conceptual patterns, and methodological gaps in existing approaches. The findings reveal that labor welfare and fair compensation have increasingly been recognized as material social indicators in sustainability reporting; however, their measurement remains fragmented and inconsistent across organizations and regions. While current reporting frameworks provide general guidance on labor-related disclosures, they lack standardized metrics capable of capturing complex dimensions such as psychosocial well-being, living wage adequacy, wage equity, and the conditions of non-standard employment. The analysis further demonstrates that firms with more comprehensive labor welfare disclosures tend to exhibit stronger organizational legitimacy, enhanced stakeholder trust, and improved alignment with SDG objectives, yet many disclosures remain symbolic rather than substantive. The study concludes that integrating structured and empirically grounded labor welfare and compensation indicators is essential for strengthening the credibility and comparability of SDG-based reporting. The findings contribute to sustainability accounting literature by emphasizing the need for standardized social impact metrics and provide practical implications for organizations, policymakers, and investors seeking to advance decent work, wage fairness, and inclusive growth within global sustainability agendas.

**Keywords:** Social Impact Accounting, Labor Welfare, Fair Compensation, SDG-Based Reporting, Sustainability Accounting.

## I. Introduction

Corporate reporting practices have experienced a significant conceptual and methodological transformation as organizations around the world increasingly acknowledge that financial indicators alone are insufficient to capture long-term value creation. This shift coincides with a growing expectation that firms

demonstrate accountability for their social and environmental impacts, especially in relation to the Sustainable Development Goals (SDGs). Among these goals, SDG 8 concerning Decent Work and Economic Growth holds a central role because it directs organizations to protect labor rights, provide fair wages, uphold workplace safety, and foster inclusive participation in the labor market. As global supply chains expand and public awareness of labor issues intensifies, stakeholders now demand transparent, standardized disclosures that accurately reflect an organization's contributions to labor welfare and compensation fairness. This evolution marks the emergence of social impact accounting as a key pillar of sustainability-oriented reporting.

Labor welfare, traditionally framed as an ethical commitment, has gained recognition as a strategic driver of organizational resilience and competitiveness. A growing body of empirical evidence indicates that firms adopting strong labor welfare practices experience improved worker productivity, lower turnover rates, and enhanced reputational value in capital markets. Fair compensation, in particular, plays an essential role in reducing inequality, improving worker morale, and promoting sustainable economic development. These outcomes support the wider goals of SDG 1 and SDG 10, both of which emphasize inclusive growth and the reduction of socio-economic disparities. As frameworks such as the Global Reporting Initiative, the International Sustainability Standards Board, and SDG-aligned voluntary disclosures evolve, they encourage firms to report employee-related metrics with a level of rigor comparable to traditional financial accounting. Yet despite the proliferation of such frameworks, a universal standard for measuring and reporting labor welfare remains elusive, pointing to the need for further scholarly investigation.

Within corporate contexts, labor welfare encompasses a broad range of social indicators including compensation structures, occupational safety, psychosocial well-being, training opportunities, and social protection coverage. Fair compensation, one of the most contentious aspects, requires organizations to ensure both internal equity—achieving fairness between roles and pay grades—and external equity—aligning wages with industry benchmarks and living wage standards. Although firms increasingly claim adherence to fair labor principles, persistent discrepancies between policy announcements and actual worker experiences highlight gaps that require academic and regulatory attention. High-profile cases involving wage gaps, unfair labor conditions, or exploitative supply chain practices continue to surface globally, illustrating that corporate sustainability claims may not always align with measurable realities. In light of this, SDG-based reporting that explicitly includes quantifiable labor welfare indicators becomes not only desirable but essential.

Several academic studies have underscored the importance of integrating labor-related indicators into sustainability reporting. Khan, Serafeim, and Yoon (2016) demonstrated that firms prioritizing financially material sustainability issues—including employee welfare—tend to outperform competitors in operational and financial metrics, suggesting that labor welfare is both ethically and strategically significant. Costa and Menichini (2013) emphasized the multidimensional nature of corporate social responsibility and argued that employee-related metrics are critical components of organizational performance assessment. Stiglitz, Fitoussi, and Durand (2018) contended that conventional economic reporting underrepresents human well-being and that modern reporting systems must incorporate broader social indicators such as wage fairness, job quality, and labor security. Baumgartner and Rauter (2017) found that organizations with robust sustainability strategies report labor issues more consistently and ultimately achieve better social outcomes. Similarly, Haski-Leventhal et al. (2021) highlighted labor welfare—including compensation equity, safety, and working conditions—as central dimensions of social impact measurement within corporate environments. Collectively, these studies establish a theoretical and empirical foundation for analyzing labor welfare as an integral part of SDG-oriented reporting.

Nonetheless, despite these contributions, several critical research gaps remain. Empirical scholarship often acknowledges the importance of labor welfare but rarely provides operationalized models for quantifying fair compensation in a manner directly aligned with SDG indicators. Moreover, much of the existing literature focuses on large corporations in developed economies, limiting generalizability to emerging markets where regulatory systems, labor protections, and cultural norms differ markedly. Another gap concerns methodological inconsistency: although many companies disclose labor-related indicators, the

indicators themselves vary widely, limiting cross-industry comparability and diminishing the reliability of sustainability reporting. This fragmentation demonstrates the need for structured, quantitative research that clarifies how labor welfare and compensation justice can be meaningfully measured, especially in contexts where SDG-based reporting is still developing.

The phenomenon driving this research is the widespread inconsistency in labor welfare disclosure and the persistent gap between corporate commitments to decent work and the actual conditions experienced by workers. Many organizations produce sustainability or SDG reports, yet the information presented often displays characteristics of symbolic compliance rather than substantive accountability. Reports may highlight policies or commitments without disclosing measurable outcomes, leaving stakeholders unable to assess whether labor welfare practices are effectively implemented. In labor-intensive industries and multinational production networks, cases of exploitation, wage stagnation, and unsafe working environments remain prevalent despite corporate claims of sustainability alignment. The rise of the gig economy further complicates the issue by introducing new forms of precariousness, wage insecurity, and lack of access to social protections. Economic disruptions, including the COVID-19 pandemic, have exposed severe vulnerabilities in labor systems worldwide, reinforcing the urgency of measuring fair compensation and welfare conditions through standardized, transparent reporting tools.

The relevance of this research derives from its potential to contribute to theoretical development in sustainability accounting and to advance practical solutions for organizational reporting. For stakeholders such as investors, labor welfare metrics increasingly influence ESG ratings, investment decisions, and assessments of long-term corporate resilience. Inaccurate or inconsistent labor disclosures can distort market perceptions and undermine investor confidence. For policymakers and regulators, the availability of credible labor welfare indicators supports national monitoring of SDG progress and provides an evidence base for designing equitable labor policies. For organizations, implementing quantifiable labor welfare measurements promotes more informed internal decision-making, improved employee relations, and strengthened social legitimacy. Therefore, academic research plays a crucial role in identifying robust measurement constructs, validating them empirically, and aligning them with global sustainability frameworks.

The theoretical grounding of this study lies in three key perspectives: Stakeholder Theory, Legitimacy Theory, and Social Contract Theory. Stakeholder Theory emphasizes that employees represent a primary stakeholder group whose welfare must be safeguarded through responsible management and transparent disclosure. Legitimacy Theory posits that companies engage in sustainability reporting to maintain alignment with societal expectations; thus, credible labor welfare reporting is essential to preserve organizational legitimacy. Social Contract Theory highlights the implicit agreement between organizations and society, wherein corporations are granted operational rights in exchange for ensuring fair treatment of workers. These perspectives collectively underscore the importance of measuring and reporting labor-related social impacts as part of an organization's ethical and societal obligations.

Given these gaps and conceptual foundations, the objective of this study is to construct a quantitative descriptive analysis that captures the state of labor welfare and fair compensation within the context of SDG-based reporting. This research aims to identify measurable indicators of labor welfare that can be consistently applied across organizational settings, assess whether compensation structures align with principles of fairness, and evaluate the extent to which existing corporate disclosures reflect SDG 8 priorities. By employing quantitative descriptive methods, the study seeks to generate empirical evidence on how labor welfare indicators vary across firms and industries, how compensation fairness is operationalized, and how organizations integrate such data into their sustainability reports. The results are expected to provide insights that refine the structure of SDG-based reporting, improve the consistency of social impact measurement, and strengthen organizational accountability.

In conclusion, the increasing importance of social impact accounting reflects a global recognition that labor welfare and fair compensation are not merely ethical concerns but foundational elements of sustainable economic systems. However, the lack of standardized and empirically grounded measurement tools continues to limit the reliability and comparability of SDG-based reporting. By conducting a

comprehensive quantitative descriptive analysis, this study aims to address critical gaps in the literature and respond to the urgent need for structured measurement frameworks that accurately capture labor-related social performance. Through its contribution to theory, method, and practice, this research aspires to support organizations, stakeholders, and policymakers in advancing the agenda of decent work and equitable compensation within sustainability reporting systems.

## II. Literature Review and Hypothesis Development

### 2.1. Labor Welfare in Sustainability and Social Impact Accounting

Labor welfare has become a cornerstone of contemporary sustainability discourse, reflecting a global shift from profit-centered performance measurement toward inclusive and equitable value creation. Scholars widely agree that labor welfare encompasses diverse aspects such as workplace safety, physical and mental well-being, career development, and employee rights protection (Khan et al., 2016; Baumgartner & Rauter, 2017). This concept extends beyond traditional human resource management by integrating ethical, social, and developmental perspectives aligned with SDG 8, which emphasizes decent work and inclusive growth (Stiglitz et al., 2018). As organizations adopt sustainability frameworks, the measurement of labor welfare becomes instrumental in signaling responsible governance and organizational legitimacy (Costa & Menichini, 2013). Thus, labor welfare serves both normative and instrumental purposes within organizational reporting structures, reinforcing expectations for transparent and standardized disclosures.

Empirical studies underscore the role of labor welfare practices in fostering organizational resilience and improved performance outcomes. Firms that prioritize employee welfare often demonstrate enhanced employee satisfaction, higher productivity, and lower turnover rates, which in turn contribute to long-term competitiveness (Haski-Leventhal et al., 2021; De Stefano et al., 2021). Notably, the integration of labor welfare indicators into sustainability reporting frameworks has been associated with stronger stakeholder trust and improved ESG performance (Clark et al., 2015). This trend highlights the need for clear indicators that capture the multidimensional nature of labor welfare, particularly as stakeholders increasingly rely on such disclosures to assess corporate social performance (Sullivan & Mackenzie, 2020). Nonetheless, inconsistencies in definitions and measurement techniques continue to hinder comparability across industries, emphasizing gaps in current literature (Amor-Esteban et al., 2018).

Theoretical developments also support the integration of labor welfare into sustainability accounting. Stakeholder Theory posits that organizations must address the needs of multiple constituencies, including employees, whose welfare is essential to organizational legitimacy (Freeman et al., 2020). Meanwhile, Legitimacy Theory suggests that transparent labor welfare reporting helps firms maintain social approval, particularly when faced with increased public scrutiny (Cormier & Magnan, 2015). Social Contract Theory further reinforces the ethical obligations of firms to ensure fair treatment and well-being of workers as part of the implicit contract between business and society (Donaldson & Dunfee, 1999). These theoretical foundations collectively justify the need for systematic measurement and disclosure of labor welfare within sustainability reports. Recent studies reveal emerging concerns related to remote work structures, gig economy arrangements, and increased workplace precarity. This phenomenon underscores the urgency of updating labor welfare metrics to reflect contemporary labor conditions that challenge traditional reporting models. As sustainability reporting standards evolve, future research must incorporate these developments to ensure that labor welfare indicators remain relevant and comprehensive.

### 2.2. Fair Compensation and Wage Equity in SDG-Based Reporting

Fair compensation represents a crucial dimension of labor welfare and has gained global importance as economic inequality widens. Definitions of fair compensation span internal equity, external equity, living wage standards, and compliance with labor regulations (ILO, 2020). Scholars emphasize that fair

compensation enhances employee motivation, improves job satisfaction, and reduces turnover intentions (Pfeffer, 2018; Bryson et al., 2017). Within sustainability frameworks, wage fairness is increasingly recognized as a material indicator affecting social impact assessment and ESG scoring (Serafeim, 2020). As a result, SDG-based reporting encourages firms to quantify pay structures, wage distributions, and pay gap ratios, particularly in relation to SDG 8 and SDG 10 targets (Rasche et al., 2017).

Empirical evidence shows that firms with transparent compensation policies tend to outperform those with opaque or inequitable wage systems. Studies indicate that wage equity correlates with reduced conflict, stronger organizational commitment, and better financial performance (Bloom & Michel, 2002; Card et al., 2012). Furthermore, compensation fairness plays a pivotal role in fostering inclusive growth by narrowing socioeconomic disparities and supporting the global agenda on reducing inequality (OECD, 2019). Nonetheless, compensation reporting remains inconsistent across firms, largely due to varying regulatory requirements and differing interpretations of what constitutes a fair wage (Piketty, 2014; Atkinson, 2015). These inconsistencies complicate efforts to compare wage practices across industries and countries.

The literature also points to the issue of executive compensation gaps, which have widened substantially across industries. Researchers argue that excessive wage dispersion within organizations undermines employee morale and weakens perceptions of fairness (Mishel & Davis, 2019). In response, sustainability accounting initiatives increasingly call for mandatory disclosure of CEO-to-worker pay ratios as a means of enhancing accountability and ensuring alignment with SDG principles (He et al., 2021). Although such disclosures represent progress, methodological challenges persist, particularly regarding the measurement of total compensation and living wage benchmarks in different economic contexts (Anker, 2011). With rising labor activism and public pressure for ethical business conduct, firms are compelled to adopt more transparent compensation practices. Studies highlight that companies engaging in authentic SDG reporting are more likely to integrate living wage commitments, collective bargaining rights, and wage equality policies into their operations (Crane et al., 2019). As global dialogue increasingly emphasizes decent work and equitable economic participation, fair compensation continues to emerge as a pivotal component of social impact accounting requiring enhanced measurement consistency and regulatory support.

### 2.3. SDG-Based Reporting and Social Impact Measurement

SDG-based reporting frameworks have reshaped corporate accountability by expanding the scope of organizational disclosures beyond traditional financial metrics. These frameworks emphasize the systematic measurement of social, environmental, and governance performance, particularly labor-related indicators tied to SDG 8 (Bebbington & Unerman, 2018). Scholars argue that SDG reporting enhances transparency, improves stakeholder communication, and aligns corporate strategies with global development agendas (Rosati & Faria, 2019). Despite these advantages, firms face challenges in selecting appropriate metrics, interpreting SDG targets, and ensuring data reliability (Mio et al., 2020). These challenges underscore the importance of standardization in social impact accounting. Empirical studies show that SDG reporting contributes positively to firm legitimacy and investor trust. Firms with comprehensive SDG-aligned disclosures attract long-term investors and enjoy improved ESG ratings, signaling reduced risk exposure (Eccles & Klimenko, 2019). Social impact indicators specifically related to labor welfare, such as employee safety, compensation fairness, and gender equality, are increasingly used to assess corporate sustainability performance (Sila & Cek, 2017). As firms adopt integrated reporting, labor-related SDG indicators become central to demonstrating organizational responsibility and long-term societal contributions (Adams, 2017).

However, inconsistencies across industries and regions demonstrate persistent gaps in SDG-based reporting. Differences in measurement methods, indicator selection, and interpretation hinder comparability and undermine the usefulness of sustainability disclosures (KPMG, 2021). Scholars call for stronger regulatory frameworks and clearer guidelines to improve the credibility and reliability of SDG-based reporting (Puroila et al., 2022). Without standardized metrics, assessments of labor welfare and fair compensation remain vulnerable to selective disclosure and symbolic reporting. Recent literature emphasizes the growing

importance of integrating quantitative methods to strengthen the measurement of SDG indicators. Researchers advocate for data-driven approaches using descriptive and statistical techniques to evaluate labor welfare outcomes, wage structures, and reporting consistency (Bansal et al., 2021). This shift reflects broader developments in sustainability accounting that prioritize measurable and verifiable indicators to enhance legitimacy and organizational accountability. As social impact accounting continues to evolve, empirical measurement becomes indispensable for assessing progress toward SDG 8 and ensuring that labor welfare is captured accurately in corporate reports.

#### 2.4. Hypothesis Development

Based on the theoretical and empirical literature, this study examines the relationship between labor welfare, fair compensation, and SDG-based reporting quality. Prior studies indicate that strong labor welfare practices enhance transparency, accountability, and overall sustainability performance. Fair compensation similarly strengthens stakeholder trust and improves SDG alignment. As such, the following hypotheses are proposed:

*H1: Labor welfare practices have a positive and significant effect on the quality of SDG-based reporting.*

*H2: Fair compensation has a positive and significant effect on the quality of SDG-based reporting.*

*H3: Labor welfare and fair compensation jointly contribute to improved social impact measurement within SDG-based reporting frameworks.*

### III. Research Method

This study employs a qualitative research design grounded in an extensive literature-based analysis to examine the conceptual, methodological, and practical dimensions of accounting for social impact, specifically in relation to labor welfare and fair compensation within SDG-based reporting frameworks. A qualitative approach is deemed appropriate because the research aims not to measure variables numerically but to interpret patterns, synthesize theoretical perspectives, and construct a comprehensive understanding of how labor-related social indicators are conceptualized and operationalized across existing scholarly and institutional sources. The study relies on interpretivist epistemology, which emphasizes meaning-making, contextual exploration, and the examination of diverse perspectives within the literature, thereby enabling a deeper understanding of the evolving discourse on labor welfare, compensation fairness, and sustainability accounting.

The research begins with systematic identification and selection of relevant academic publications, institutional guidelines, and global reporting frameworks that address labor welfare, wage equity, SDG 8 implementation, and social impact accounting. Sources include peer-reviewed journal articles, reports by international organizations such as the ILO, OECD, and UNDP, and sustainability reporting standards issued by GRI, ISSB, and other global bodies. The selection process emphasizes recency, conceptual relevance, and methodological rigor to ensure that the literature reflects contemporary developments in sustainability reporting practices and labor economics. The review period focuses primarily on the last ten to fifteen years to capture current shifts in sustainability governance, though seminal works foundational to theoretical framing are also included as necessary.

Data collection is conducted through a structured literature mapping process in which relevant texts are categorized based on thematic relevance, conceptual contributions, and analytical depth. This ensures that the data used for interpretation represent a comprehensive and balanced overview of existing knowledge. Thematic analysis serves as the primary analytical strategy, allowing the researcher to identify recurring patterns, conceptual gaps, and points of convergence or divergence across different studies. The analysis pays particular attention to how labor welfare is defined, how fair compensation is operationalized, and how SDG-based frameworks integrate or fail to integrate such indicators. Through iterative reading,

coding, and interpretation, the study develops a synthesized understanding of the conceptual relationships among labor welfare, wage fairness, and sustainability reporting.

Credibility and trustworthiness are maintained through transparent documentation of the literature search strategy, justification for source inclusion, and triangulation of theoretical perspectives. Triangulation is achieved by comparing insights across multiple disciplines, including accounting, labor studies, organizational behavior, and sustainability governance. This multidimensional approach ensures that findings are not limited to a single disciplinary viewpoint but instead reflect a holistic synthesis of scholarship. Reflexivity is also practiced throughout the analysis, whereby the researcher continually evaluates assumptions and biases that may influence interpretation. The outcome of this qualitative literature-based method is a theoretically grounded and contextually rich analysis that elucidates the complexities of measuring labor welfare and fair compensation within SDG-oriented reporting. This methodological approach not only allows for the identification of gaps and inconsistencies in existing frameworks but also supports the development of conceptual clarity and informed recommendations for future research and practice. Through this qualitative synthesis, the study contributes to advancing the discourse on social impact accounting while offering a foundation for more robust, standardized approaches to labor-related reporting in alignment with global sustainability goals.

#### IV. Results and Discussion

The findings of this qualitative literature-based analysis reveal a rapidly evolving paradigm in sustainability accounting in which labor welfare and fair compensation emerge as central components of social impact measurement under SDG-based reporting frameworks. As global corporate reporting standards continue shifting from financial-centric disclosure to multidimensional sustainability-oriented accountability, labor-related indicators acquire heightened significance due to their direct alignment with SDG 8 on decent work, SDG 10 on reduced inequalities, and SDG 5 on gender equality. The literature demonstrates substantial progress in the conceptualization, operationalization, and empirical application of labor welfare and wage equity metrics, yet it simultaneously highlights persistent inconsistencies in measurement methods, disclosure quality, and global comparability. This section discusses the findings across four analytical dimensions that collectively illuminate how current sustainability reporting practices incorporate labor-related indicators, the extent to which they capture meaningful social impact, and the critical gaps that remain unaddressed within the SDG reporting landscape.

The empirical examination of labor welfare measurement reveals significant advancements in both conceptual clarity and methodological refinement within sustainability reporting frameworks, yet these developments remain uneven across global reporting practices. Literature illustrates that labor welfare—encompassing health and safety, psychosocial well-being, training access, job security, and employee rights—has been increasingly recognized as a material sustainability issue that directly influences organizational legitimacy and long-term performance outcomes (Khan et al., 2016; Haski-Leventhal et al., 2021). This recognition aligns with longstanding theoretical assertions in Stakeholder Theory and Legitimacy Theory, which posit that organizations are obligated to provide transparent and accurate disclosures about their treatment of employees to maintain societal approval and fulfill stakeholder expectations (Freeman et al., 2020; Cormier & Magnan, 2015). As global sustainability governance continues to evolve, firms are compelled to integrate labor welfare metrics more comprehensively within corporate reports, especially amid rising investor focus on the “S” dimension of ESG ratings.

Empirical studies show that firms with stronger labor welfare practices tend to publicly disclose more extensive sustainability information, suggesting a positive correlation between internal workforce well-being and external transparency (Baumgartner & Rauter, 2017). Research by Costa and Menichini (2013) underscores that employee-related indicators, including safety performance, training hours, and well-being programs, significantly contribute to corporate social value creation. Yet despite these advances, substantial gaps persist in the consistency and comparability of labor welfare disclosures across industries and reporting frameworks.

Studies reveal that companies often rely on self-selected indicators that may emphasize positive achievements while omitting problematic labor conditions, resulting in symbolic rather than substantive reporting (Puroila et al., 2022). This selective disclosure pattern, identified by several scholars, highlights the risk that sustainability reporting may function as a legitimacy-seeking exercise rather than a genuine accountability mechanism (Boiral, 2013; Cho et al., 2015).

Another key finding in the empirical literature concerns the rise of psychosocial and mental health dimensions within labor welfare measurement. Recent research notes growing awareness of workplace stress, burnout, and psychological safety as critical determinants of employee well-being, particularly in post-pandemic environments (De Stefano et al., 2021; Wood et al., 2019). However, measurement of these indicators remains fragmented due to the absence of standardized reporting guidelines and the inherent difficulty in quantifying psychological variables. As a result, mental health disclosure varies widely across organizations, with some firms reporting extensive initiatives while others provide minimal or no data at all. This inconsistency reflects a broader challenge in sustainability accounting: indicators that are more difficult to quantify are less likely to be disclosed, despite their recognized importance for long-term social sustainability (Mio et al., 2020).

In addition, the expansion of non-traditional work arrangements, such as gig labor and remote digital labor, poses new challenges for measuring labor welfare accurately. Scholars argue that existing sustainability reporting frameworks were designed for traditional employment models and thus fail to capture the precariousness, income instability, and lack of social protections experienced by gig workers (Degryse, 2020). This gap is particularly concerning because global labor markets increasingly depend on gig platforms that often remain invisible within corporate reporting systems, ultimately distorting assessments of organizational labor impact. As supply chains become more fragmented, firms may outsource labor welfare risks rather than addressing them directly, thereby weakening the reliability of sustainability disclosures (Crane et al., 2019). The literature suggests that future reporting frameworks must expand definitions of the workforce to encompass indirect employees, contract-based workers, and gig economy participants to achieve a more accurate representation of labor conditions across global operations.

Finally, empirical findings indicate that while sustainability reporting frameworks such as GRI, ISSB, and SDG-aligned voluntary standards provide guidance for labor welfare measurement, their adoption and implementation differ significantly across geographic regions. Companies in Europe and North America tend to report labor welfare indicators more comprehensively due to stronger regulatory environments, investor expectations, and social norms emphasizing corporate transparency (KPMG, 2021). In contrast, firms in emerging economies often show limited labor welfare disclosure due to weaker enforcement systems, cultural differences, or limited organizational capacity. This uneven adoption pattern contributes to global disparities in labor-related sustainability data availability, thereby constraining cross-national comparisons and hindering global efforts to assess SDG 8 progress accurately (Rosati & Faria, 2019). The literature emphasizes that without standardized, mandatory reporting mechanisms, voluntary sustainability reporting will continue to yield inconsistent and incomplete labor welfare data.

## V. Conclusion

The overall synthesis of this study demonstrates that labor welfare and fair compensation represent foundational pillars in the emerging landscape of social impact accounting, particularly within SDG-based reporting frameworks. The literature reviewed across sustainability accounting, labor economics, and corporate governance consistently underscores the importance of integrating structured and empirically grounded labor indicators to capture the multidimensionality of decent work and equitable economic participation. From a theoretical perspective, the findings reinforce and extend the assumptions within Stakeholder Theory, Legitimacy Theory, and Social Contract Theory by illustrating that transparent labor welfare measurement is not merely a normative obligation but also a mechanism through which organizations maintain societal trust, demonstrate ethical responsibility, and achieve long-term sustainability.

The convergence of contemporary empirical studies highlights the critical need for coherent conceptual models that can operationalize labor welfare and fair compensation in ways that are standardized, verifiable, and aligned with SDG targets. These insights collectively advance the theoretical discourse on sustainability accounting by emphasizing that labor-related indicators must evolve to encompass modern labor realities, including gig work, psychosocial well-being, and globalized supply chains.

From a managerial standpoint, the findings offer compelling implications for corporate decision-making, reporting practices, and organizational governance structures. Managers are increasingly required to view labor welfare not as a peripheral element of corporate responsibility but as a strategic determinant of organizational performance, risk mitigation, and reputational capital. Implementing systematic measurement tools for labor welfare—such as living wage assessments, pay equity analysis, occupational safety metrics, and psychosocial well-being indicators—enables firms to make more informed decisions that support workforce resilience and productivity. Moreover, as global investors place greater emphasis on ESG-related transparency, particularly the social dimension, firms with robust labor-related disclosures are better positioned to attract long-term investment, strengthen stakeholder engagement, and demonstrate SDG compliance. The managerial literature further suggests that organizations must transition from symbolic reporting to substantive reporting by ensuring that disclosed labor indicators meaningfully reflect internal practices rather than serving as tools for impression management. This necessitates strengthening internal governance systems, investing in data infrastructure, and integrating sustainability metrics into performance evaluation systems at all managerial levels.

Overall, the results illuminate a pressing need for stronger alignment between theoretical constructs, managerial practices, and global regulatory frameworks in the measurement and disclosure of labor welfare and fair compensation. As the international community advances toward the 2030 SDG deadline, organizations must adopt more comprehensive and consistent mechanisms for reporting labor-related impacts to ensure that progress toward decent work and reduced inequalities can be accurately assessed. The study emphasizes that future research and practice must prioritize the development of standardized metrics, cross-country comparability tools, and integrated reporting models capable of capturing the complex realities of contemporary labor markets. At the intersection of theory and practice, accounting for social impact becomes a critical enabler of sustainable development, reinforcing the notion that fair compensation and labor welfare are not only ethical imperatives but also essential components of corporate resilience, sustainable growth, and global social justice. Through strengthened theoretical foundations and informed managerial action, SDG-based reporting can evolve into a more credible, transformative mechanism that meaningfully advances labor-related sustainability outcomes worldwide.

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