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ESG Integration in Indonesian Reinsurance Brokers Companies: An Organizational Readiness and Strategic Positioning Perspective

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Abstract. *The increasing complexity of global risks, including climate change, governance challenges, and rising stakeholder expectations, has transformed the insurance and reinsurance industry. Environmental, Social, and Governance (ESG) has evolved from a compliance-oriented concept into a strategic framework influencing organizational resilience, governance quality, and long-term competitiveness. However, while ESG integration in insurance institutions has attracted growing academic attention, the role of reinsurance brokers companies as strategic intermediaries remains underexplored, particularly in emerging markets such as Indonesia. This study aims to develop a strategic framework for ESG integration in Indonesian reinsurance brokers companies using three complementary analytical approaches: PESTEL analysis to assess macro-environmental dynamics, the McKinsey 7S framework to evaluate internal organizational readiness, and SWOT analysis to formulate strategic positioning. This study adopts a qualitative strategic approach and is positioned as a research-in-progress paper prior to empirical field investigation. The proposed framework contributes theoretically by repositioning reinsurance brokers companies as strategic ESG intermediaries and methodologically by integrating external environmental analysis, internal organizational diagnosis, and strategic formulation into a unified ESG strategy model. The study also provides practical implications for strengthening the sustainability readiness and competitiveness of Indonesian reinsurance brokers companies.*

Keywords: ESG, Reinsurance Brokers, PESTEL, McKinsey 7S, SWOT

INTRODUCTION

The insurance and reinsurance industry has undergone significant transformation over the past two decades, driven by increasingly complex and interconnected risks. Traditional actuarial approaches based on historical patterns are becoming insufficient in addressing emerging risks characterized by uncertainty, systemic disruption, and long-term consequences. Climate change, cyber threats, geopolitical instability, social inequality, and governance failures have reshaped the landscape of risk management, compelling financial institutions to rethink their strategic priorities (Krueger *et al.*, 2020 ; Gatzert P., 2022). Within this changing environment, the insurance industry no longer functions solely as a mechanism for risk transfer but increasingly assumes a strategic role in supporting economic resilience and sustainable development. Insurers and reinsurers are expected to respond not only to financial risks but also to broader environmental and social challenges that directly influence long-term business sustainability. Climate-related catastrophes have intensified underwriting uncertainty while simultaneously increasing pressure on risk-sharing mechanisms across insurance markets (Chiaramonte *et al*., 2020 ; Gillan *et al.*, 2021).

The growing importance of sustainability has accelerated the adoption of Environmental, Social, and Governance (ESG) principles within financial services industries. ESG has evolved beyond reputational concerns into a strategic framework that increasingly influences governance quality, organizational resilience, and long-term competitiveness (Gillan *et al*., 2021 ; Brogi *et al.*, 2022). In the insurance sector, ESG integration increasingly shapes underwriting discipline, portfolio management, stakeholder trust, and institutional legitimacy. Recent studies suggest that ESG integration may positively influence organizational resilience and financial performance. Organizations with stronger ESG practices tend to exhibit greater adaptability during periods of uncertainty, although implementation maturity remains uneven across institutions and jurisdictions (Ersoy, 2022 ; Bressan, 2023; Sood E., 2024).

In Indonesia, sustainable finance initiatives have increasingly influenced institutional expectations within financial service industries. However, ESG implementation remains fragmented, particularly among intermediary institutions operating within insurance ecosystems (Yusuf *et al*., 2024). Existing studies primarily focus on insurance companies as principal risk carriers, while limited attention has been given to reinsurance brokers companies. Reinsurance brokers occupy a distinctive strategic position because they function as intermediaries connecting domestic insurers with local and global reinsurance capacity. Beyond facilitating risk placement, reinsurance brokers increasingly serve as advisors in risk structuring, pricing optimization, and market intelligence. Their intermediary role enables them to translate sustainability standards and ESG-related expectations from international markets into domestic insurance practices (Demaria S., 2020 ; Aburto Barrera *et al*., 2023). Despite this strategic importance, ESG-related studies in insurance have predominantly focused on insurers rather than reinsurance intermediaries. This research gap becomes particularly relevant in emerging economies, where institutional readiness and organizational capability differ significantly from developed markets (Marti *et al.*, 2024).

In the context of ESG transformation, organizational readiness and strategic positioning become increasingly important for reinsurance brokers companies. Organizational readiness reflects the extent to which organizations possess adequate governance systems, leadership commitment, institutional capability, and professional competence to integrate sustainability considerations into business operations. At the same time, strategic positioning shapes how organizations respond to changing sustainability expectations, regulatory developments, and emerging market opportunities. Within insurance ecosystems, reinsurance brokers companies increasingly operate beyond transactional intermediation by facilitating the translation of global sustainability expectations into local insurance practices through advisory interactions, placement strategies, market intelligence, and risk communication. Organizations capable of aligning internal readiness with external strategic adaptation may strengthen institutional resilience and long-term competitiveness amid growing ESG expectations (Haffar & Searcy, 2022; Marti *et al.*, 2024; Freeman *et al.*, 2022).

In light of these developments, this study develops a strategic ESG integration framework for Indonesian reinsurance brokers companies through three analytical approaches: PESTEL analysis, the McKinsey 7S framework, and SWOT analysis. The novelty of this study lies in three contributions. First, it proposes an integrated ESG strategic framework tailored to reinsurance brokers companies. Second, it repositions reinsurance brokers as strategic ESG intermediaries rather than merely transactional actors. Third, it introduces a strategic formulation model integrating external environmental assessment, internal organizational readiness, and SWOT-based strategic positioning.

Accordingly, understanding ESG integration within reinsurance brokers companies requires attention not only to sustainability principles but also to the evolving dynamics of risk intermediation and underwriting support within insurance markets.

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LITERATURE REVIEW

Stakeholder Theory and ESG Integration

This study is grounded in Stakeholder Theory, which explains that organizational sustainability depends not only on financial performance but also on the ability to respond to the expectations of multiple stakeholders. Unlike traditional shareholder-oriented perspectives, stakeholder theory emphasizes that organizations operate within interconnected networks involving regulators, investors, customers, employees, business partners, and society (Barney & Harrison, 2020).

In the context of ESG, stakeholder theory becomes increasingly relevant because sustainability expectations have expanded beyond profitability toward broader environmental and social accountability. Organizations are increasingly required to demonstrate governance quality, environmental responsibility, and social legitimacy to maintain trust and competitiveness (Dmytriyev *et al.*, 2021; Gillan *et al*., 2021). For reinsurance brokers companies, stakeholder complexity becomes particularly significant because these institutions simultaneously interact with insurers, global reinsurers, regulators, and clients. Consequently, ESG integration should not merely be perceived as a compliance exercise, but rather as a strategic response to evolving stakeholder expectations and institutional pressures (Brogi *et al*., 2022)

ESG in Insurance and Reinsurance Industries

Environmental, Social, and Governance (ESG) has increasingly emerged as a dominant framework for assessing institutional sustainability and long-term resilience. ESG extends beyond financial performance indicators by integrating environmental responsibility, social accountability, and governance quality into organizational decision-making (Gillan *et al*., 2021; Ersoy, 2022).

Within insurance and reinsurance industries, ESG increasingly influences underwriting practices, portfolio management, governance structures, and risk management systems. Climate-related risks have intensified pressure on insurers and reinsurers to strengthen catastrophe modelling, sustainability risk assessment, and institutional resilience (Krueger *et al.*, 2020 ; Gatzert P., 2022). Previous studies also indicate that ESG integration may positively contribute to institutional resilience and organizational legitimacy. However, implementation maturity remains uneven across organizations, particularly in emerging markets where governance readiness and sustainability capability vary considerably (Bressan, 2023; Marti *et al.*, 2024).

Beyond governance and sustainability reporting considerations, ESG increasingly influences core insurance and reinsurance activities, particularly in risk assessment, underwriting decisions, and advisory functions. The growing frequency of climate-related events and environmental uncertainty has encouraged insurers and reinsurers to reassess traditional approaches that rely primarily on historical loss experience. In practice, sustainability considerations are becoming more closely connected to underwriting discipline, portfolio quality, and long-term risk resilience. Within this environment, reinsurance brokers companies occupy a distinctive position because they facilitate communication between insurers and reinsurers while supporting risk placement decisions. Through market intelligence, advisory interactions, and risk evaluation processes, brokers may contribute to the interpretation and transmission of sustainability-related expectations emerging from global reinsurance markets. This suggests that ESG integration is increasingly intertwined with the quality of risk advisory and underwriting support provided across insurance ecosystems (Gatzert P., 2022 ; Marti *et al*., 2024). This development indicates that ESG is gradually becoming embedded within the technical architecture of insurance decision-making rather than remaining solely a governance or reporting concern.

Despite growing ESG literature within financial services, limited attention has been directed toward intermediary institutions such as reinsurance brokers. Existing research largely concentrates on insurers as primary risk bearers while overlooking how reinsurance brokers may facilitate sustainability diffusion across insurance ecosystems (Aburto Barrera J., 2023).

This condition suggests that understanding ESG integration within reinsurance brokers companies requires attention not only to sustainability principles but also to the evolving dynamics of risk intermediation, underwriting support, and climate-related risk advisory. Such a perspective may offer a more nuanced understanding of how ESG considerations are translated into strategic and operational practices across insurance ecosystems.

PESTEL Framework

The PESTEL framework is widely used to assess macro-environmental dynamics affecting organizational strategy. It examines six dimensions of external influence, namely Political, Economic, Social, Technological, Environmental, and Legal factors (Johnson, G., Scholes, K., & Whittington, 2008). In ESG integration, PESTEL provides a structured analytical approach for identifying sustainability-related pressures affecting reinsurance brokers companies.

Political and legal dimensions encompass sustainable finance regulations, governance standards, and compliance expectations. Economic factors relate to market volatility, reinsurance pricing cycles, and institutional resilience under sustainability transitions *(Brogi et al*., 2022). Social dimensions increasingly reflect changing stakeholder expectations regarding transparency, accountability, and ethical business conduct. Technological developments, including artificial intelligence, predictive analytics, and digital underwriting, increasingly shape institutional competitiveness and sustainability capability (Kline *et al.*, 2023).

Environmental factors remain particularly relevant due to climate change impacts that intensify catastrophe exposure and reshape insurance risk assumptions. Legal factors increasingly shape ESG implementation through stronger regulatory compliance, governance obligations, reporting standards, and institutional accountability requirements affecting reinsurance brokers operations and sustainability practices (Yusuf *et al.*, 2024). Therefore, PESTEL offers an appropriate analytical framework for understanding ESG-related external pressures affecting Indonesian reinsurance brokers companies (Krueger *et al.*, 2020 ; Gatzert P., 2022).

McKinsey 7S Framework

While PESTEL emphasizes external pressures, the McKinsey 7S framework provides an analytical lens for evaluating organizational readiness toward strategic transformation. Developed by Peters and Waterman, the framework identifies seven interconnected dimensions: Strategy, Structure, Systems, Shared Values, Style, Staff, and Skills (Peters, T. J., & Waterman, 1982)). The framework distinguishes between hard elements, namely strategy, structure, and systems, and soft elements, namely shared values, leadership style, staff, and skills. Effective organizational transformation depends upon alignment among all seven dimensions, as institutional change is unlikely to succeed when organizational systems and cultural values operate inconsistently.

In ESG implementation, the McKinsey 7S framework helps assess organizational preparedness for sustainability integration. Strategy reflects the extent to which ESG becomes embedded within organizational objectives, while systems indicate governance readiness and sustainability monitoring mechanisms (Marti *et al.*, 2024). At the same time, shared values, leadership style, staff competency, and organizational skills determine cultural readiness toward sustainability transformation. In reinsurance brokers companies, readiness may vary considerably depending on governance maturity and sustainability capabilities (Haffar & Searcy, 2022 ; Bressan, 2023).

Moreover, reinsurance brokers companies operate within highly interconnected insurance ecosystems involving insurers, reinsurers, regulators, and clients, thereby requiring adaptive organizational capability and strong governance coordination. Consequently, the McKinsey 7S framework becomes particularly relevant for evaluating whether institutional structures, competencies, and organizational culture are sufficiently prepared to support long-term ESG integration and sustainability-oriented business transformation.

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SWOT Analysis

SWOT analysis is a strategic management tool used to identify internal strengths and weaknesses as well as external opportunities and threats affecting organizational strategy. The framework enables organizations to connect internal capabilities with external environmental dynamics in order to formulate strategic alternatives (Heinz Weihrich, 1982).

In the context of ESG integration, SWOT analysis becomes relevant because sustainability transformation requires organizations to understand both their internal readiness and external pressures. Strengths may include leadership commitment, governance awareness, professional networks, and risk advisory expertise. Weaknesses may include limited ESG capability, weak sustainability reporting systems, and insufficient human capital readiness.

Opportunities may arise from sustainable finance regulation, increasing demand for ESG-oriented risk solutions, and global reinsurance market expectations. Threats may include regulatory pressure, climate-related uncertainty, reputational risk, and competition from more ESG-ready market players (Gillan *et al.*, 2021 ; Marti *et al*., 2024). Thus, SWOT provides a strategic synthesis after PESTEL and McKinsey 7S analysis. While PESTEL identifies external ESG pressures and McKinsey 7S evaluates internal readiness, SWOT integrates both dimensions into a strategic positioning framework for Indonesian reinsurance brokers companies.

RESEARCH METHODS

Research Design

This study adopts a qualitative strategic research approach and is positioned as a research-in-progress study aimed at developing a conceptual framework prior to empirical field investigation. The qualitative approach is considered appropriate because ESG integration within reinsurance brokers companies involves institutional pressures, organizational readiness, and strategic decision-making processes that require contextual understanding (Sugiyono, 2022). Rather than examining causal relationships quantitatively, this study explores how external sustainability pressures and internal organizational readiness shape ESG integration strategies within Indonesian reinsurance brokers companies (Marti *et al.*, 2024). Furthermore, this approach enables a more comprehensive understanding of how organizational capability, governance readiness, and strategic positioning interact in responding to evolving sustainability expectations, regulatory developments, and competitive pressures within increasingly complex insurance and reinsurance ecosystems.

Research Framework

This study employs three complementary analytical frameworks: PESTEL, McKinsey 7S, and SWOT. First, PESTEL analysis is utilized to identify macro-environmental dynamics influencing ESG implementation, including political, economic, social, technological, environmental, and legal factors affecting organizational sustainability (Johnson, G., Scholes, K., & Whittington, 2008). Second, the McKinsey 7S framework evaluates internal organizational readiness toward sustainability transformation through the alignment of strategy, structure, systems, shared values, leadership style, staff, and organizational skills (Peters, T. J., & Waterman, 1982). Third, SWOT analysis synthesizes internal and external strategic factors to formulate ESG strategic positioning (Heinz Weihrich, 1982). Together, these frameworks provide a comprehensive perspective linking external pressures, organizational readiness, and strategic positioning into an integrated ESG implementation model for Indonesian reinsurance brokers companies.

Data Collection

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This study combines secondary data analysis and expert-informed conceptual interpretation. Secondary data are derived from regulatory frameworks, sustainability reports, industry reports, and academic publications related to ESG and insurance sustainability (Yusuf *et al.*, 2024). As this paper is positioned as a research-in-progress study, the analysis presented remains conceptual and preliminary, aiming to establish an initial strategic understanding of ESG integration within Indonesian reinsurance brokers companies. Furthermore, future empirical research will involve in-depth interviews with regulators, reinsurance brokers executives, insurance practitioners, academics, and ESG specialists to validate and refine the proposed framework. This approach is expected to generate deeper contextual insights into organizational readiness, governance capability, and strategic positioning, while also capturing industry-specific sustainability challenges and opportunities within increasingly dynamic insurance and reinsurance ecosystems.

RESULTS AND DISCUSSION

Preliminary Strategic Findings for ESG Integration

The increasing relevance of sustainability within financial service industries has intensified institutional pressure on insurance-related organizations to strengthen governance quality, environmental responsibility, and stakeholder accountability. For Indonesian reinsurance brokers companies, ESG integration is increasingly influenced by both macro-environmental dynamics and internal organizational capability. Growing regulatory expectations, climate-related risks, technological transformation, and evolving stakeholder demands have collectively reshaped the strategic environment in which brokers companies operate. Accordingly, this section presents a preliminary strategic assessment using three complementary analytical approaches: PESTEL analysis to identify external ESG pressures, the McKinsey 7S framework to assess organizational readiness, and SWOT analysis to formulate strategic positioning for sustainability integration (Gillan *et al.*, 2021; Brogi *et al.*, 2022 ; Marti *et al.*, 2024).

PESTEL Analysis: External ESG Pressures

The implementation of ESG within reinsurance brokers companies is increasingly shaped by external environmental dynamics that influence organizational sustainability and strategic adaptation. The PESTEL framework provides a structured approach to identifying macro-environmental pressures affecting ESG integration, including political, economic, social, technological, environmental, and legal dimensions. In the context of Indonesian reinsurance brokers companies, these external factors may significantly shape institutional readiness, governance expectations, competitive positioning, and long-term sustainability strategies.

Political Factors

For reinsurance brokers companies, governance readiness becomes increasingly important because weak compliance capability may negatively influence market trust and international reinsurance partnerships (Bressan, 2023). Political and regulatory developments increasingly influence ESG implementation across financial institutions in Indonesia. Government commitment toward sustainable finance has strengthened through regulations encouraging governance transparency, sustainability reporting, and responsible risk management. These developments create increasing institutional pressure for insurance and reinsurance actors to align organizational practices with ESG expectations (Yusuf *et al.*, 2024 ; Brogi *et al.*, 2022). Within reinsurance brokers companies, regulatory support for sustainable finance may positively influence institutional legitimacy and market confidence. Nevertheless, stronger regulatory expectations simultaneously create challenges for firms with limited ESG maturity and organizational capability (Marti *et al.*, 2024)

Economic Factors

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Economic uncertainty significantly shapes ESG integration in insurance and reinsurance industries. Global inflation, catastrophe-related losses, volatile underwriting cycles, and increasing reinsurance costs have intensified institutional pressure to improve resilience and long-term sustainability (Krueger *et al.*, 2020; Gatzert P., 2022). For Indonesian reinsurance brokers companies, economic pressure extends beyond domestic competition and increasingly reflects global market expectations. International reinsurers are progressively evaluating counterparties according to governance quality, operational transparency, and sustainability risk management. Consequently, ESG readiness may increasingly determine institutional competitiveness and market positioning (Bressan, 2023 ; Brogi *et al*., 2022).

Social Factors

Social expectations regarding transparency, accountability, and responsible business practices continue to evolve. Within insurance ecosystems, stakeholder trust remains a fundamental institutional asset because insurance relationships heavily depend on credibility and confidence (Freeman *et al.*, 2022 ; *Dmytriyev et al.*, 2021). In this context, reinsurance brokers companies are expected to demonstrate professional integrity, responsible advisory capability, and transparent communication practices. ESG integration may strengthen organizational legitimacy and long-term stakeholder trust, particularly in industries characterized by complex risk relationships (Raithel & Schwaiger, 2021 ; Einwiller & Johar, 2023)

Technological Factors

Technological advancement increasingly shapes institutional capability within insurance and reinsurance markets. Predictive analytics, catastrophe modelling, digital underwriting, and artificial intelligence have transformed traditional approaches to risk assessment and portfolio management (Kline *et al.*, 2023). For reinsurance brokers companies, technological readiness increasingly supports ESG implementation through stronger risk transparency, operational efficiency, and sustainability reporting capability. Organizations with stronger technological infrastructure are likely to demonstrate greater adaptability to sustainability transformation (Marti *et al*., 2024).

Environmental Factors

Environmental considerations represent one of the strongest ESG drivers within insurance and reinsurance industries. Climate change has intensified catastrophe frequency and severity, contributing to increased claims volatility and rising reinsurance costs (Krueger *et al*., 2020 ; Gatzert P., 2022). Consequently, reinsurance brokers companies increasingly face expectations to integrate climate-related risk considerations into advisory and placement strategies. Environmental sustainability therefore becomes an increasingly important strategic issue affecting institutional resilience and long-term competitiveness (Gillan *et al*., 2021).

Legal Factors

Legal and compliance requirements increasingly shape ESG implementation across financial institutions. Stronger governance expectations, transparency requirements, and sustainability-related regulations create growing obligations for insurance intermediaries (Yusuf *et al.*, 2024). For reinsurance brokers companies, governance readiness becomes increasingly important because weak compliance capability may negatively influence market trust and international reinsurance partnerships (Bressan, 2023).

Table 1. Preliminary PESTEL Analysis of ESG Drivers

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Dimension	Strategic ESG Implication
Political	Sustainable finance regulation and governance expectations
Economic	Market volatility and ESG competitiveness
Social	Stakeholder trust and institutional legitimacy
Technological	Digital readiness and sustainability capability
Environmental	Climate risk and catastrophe exposure
Legal	Compliance standards and governance quality

McKinsey 7S Analysis: Organizational Readiness

Successful ESG implementation depends not only on external institutional pressure but also on internal organizational readiness. The McKinsey 7S framework provides a structured lens for assessing sustainability preparedness across seven interconnected dimensions. Through the alignment of strategy, organizational structure, systems, leadership style, shared values, staff capability, and institutional skills, firms may strengthen their capacity to embed ESG principles into operational practices and long-term strategic decision-making.

In the context of reinsurance brokers companies, organizational readiness becomes increasingly important because sustainability integration often requires adjustments in governance systems, professional competencies, and institutional culture to respond effectively to changing market expectations and regulatory developments. Moreover, reinsurance brokers companies operate within highly interconnected insurance ecosystems, requiring close coordination with insurers, reinsurers, regulators, and clients. Consequently, the successful implementation of ESG principles depends not only on strategic commitment but also on the organization's ability to align institutional capabilities, governance mechanisms, and human capital readiness to support sustainable business transformation (Marti *et al.*, 2024; Haffar & Searcy, 2022).

Strategy

Many reinsurance brokers companies in emerging markets continue to prioritize short-term operational performance over long-term sustainability integration. ESG strategy often remains fragmented and insufficiently embedded within organizational planning processes. Consequently, stronger strategic alignment becomes essential for integrating ESG into business direction (Marti *et al.*, 2024). In practice, ESG objectives are frequently treated as supplementary initiatives rather than core business priorities, limiting their influence on underwriting support, risk advisory functions, and long-term organizational resilience.

Structure

Organizational structures may not yet fully support ESG governance. Dedicated sustainability functions and ESG accountability mechanisms remain relatively limited within brokers companies, requiring stronger structural coordination (Peters, T. J., & Waterman, 1982). In many cases, ESG-related responsibilities are dispersed across departments without clear ownership, reducing institutional effectiveness in coordinating sustainability initiatives and monitoring implementation outcomes.

Systems

Governance systems, compliance monitoring, sustainability reporting, and internal risk management significantly influence ESG readiness. Weak institutional systems may constrain the effective translation of ESG commitments into measurable implementation (Brogi *et al.*, 2022). Furthermore, the absence of integrated ESG reporting systems and performance indicators may hinder organizational capacity to evaluate sustainability progress consistently and transparently

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Shared Values

Organizational culture plays a fundamental role in sustainability transformation. Shared values emphasizing transparency, accountability, and long-term resilience provide essential foundations for ESG integration (Freeman *et al.*, 2022). A sustainability-oriented organizational culture may also strengthen employee commitment and encourage greater consistency between governance expectations and daily operational practices.

Style

Leadership commitment strongly influences sustainability adoption. Transformational leadership capable of embedding sustainability principles into organizational decisions may significantly accelerate ESG implementation (Einwiller & Johar, 2023). Leaders who consistently promote ESG values are more likely to foster organizational trust, strategic consistency, and institutional willingness to adapt to changing sustainability expectations.

Staffs

Human capital readiness remains an important challenge in ESG implementation. Reinsurance brokers companies increasingly require professionals with adequate understanding of sustainability principles, governance practices, climate-related risks, and stakeholder expectations to support institutional adaptation and long-term business resilience (Sood E., 2024).

Skills

Organizational skills play an essential role in supporting effective ESG integration. Competencies related to climate risk assessment, sustainability reporting, governance capability, and digital literacy become increasingly important in strengthening institutional preparedness. In reinsurance brokers companies, the development of sustainability-related skills may enhance organizational adaptability and support long-term resilience under evolving ESG expectations. Therefore, continuous ESG-related training, institutional learning, and professional capability development become increasingly necessary to strengthen sustainability-oriented business transformation (Haffar & Searcy, 2022 ; Marti *et al.*, 2024)

Table 2. Preliminary McKinsey 7S Readiness Assessment

Dimension	Preliminary Observation
Strategy	ESG partially integrated into strategic planning
Structure	Limited ESG governance function
Systems	Sustainability monitoring still evolving
Shared Values	Growing awareness of ESG importance
Style	Leadership commitment varies
Staff	ESG capability remains limited
Skills	Need for sustainability-related competencies

Overall, the McKinsey 7S analysis suggests that ESG readiness among Indonesian reinsurance brokers companies may remain uneven, particularly in organizational systems, strategic alignment, and sustainability-related capability (Marti *et al.*, 2024).

SWOT Analysis: Strategic Positioning for ESG Integration

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The integration of PESTEL and McKinsey 7S analysis provides the basis for developing a preliminary SWOT framework. SWOT analysis synthesizes internal readiness and external ESG pressures into strategic positioning for Indonesian reinsurance brokers companies. Through this approach, organizations may better identify their institutional strengths and limitations while simultaneously recognizing external opportunities and risks that influence sustainability-oriented strategic decisions.

Consequently, SWOT serves as an important strategic tool for aligning ESG initiatives with organizational capability and evolving market expectations. In the context of reinsurance brokers companies, strategic positioning becomes increasingly important because firms must continuously adapt to regulatory developments, global reinsurance market standards, and changing stakeholder expectations. Therefore, SWOT analysis enables organizations to formulate more adaptive, sustainability-oriented strategies while strengthening institutional competitiveness and long-term business resilience.

Table 3. Preliminary SWOT Matrix for ESG Integration

Strengths	Weaknesses
Strategic intermediary role in insurance and reinsurance markets	Limited formal ESG roadmap
Strong professional network with insurers and reinsurers	Limited ESG-related human capital capability
Risk advisory expertise	Sustainability reporting systems still evolving
Growing awareness of governance importance	ESG not yet fully embedded in business strategy

Opportunities	Threats
Growing sustainable finance regulation	Increasing regulatory expectations
Rising demand for ESG-oriented risk solutions	Climate-related catastrophe uncertainty
Global reinsurers' attention to ESG standards	Reputational risk from weak governance
Potential differentiation through ESG advisory capability	Competition from more ESG-ready firms

Based on this preliminary SWOT assessment, Indonesian reinsurance brokers companies may pursue ESG integration through several strategic directions. First, reinsurance brokers companies can leverage their intermediary role and professional networks to develop ESG-oriented advisory services. Second, they need to address internal weaknesses by strengthening ESG capability, sustainability reporting, and governance systems. Third, they may capture opportunities arising from sustainable finance regulation and global reinsurance market expectations.

Finally, they must mitigate threats related to climate risk, regulatory scrutiny, and reputational vulnerability. In addition, strategic collaboration with insurers, reinsurers, regulators, and sustainability-focused institutions may further accelerate ESG implementation. Such collaboration may also improve organizational learning, strengthen institutional credibility, and facilitate broader market acceptance of sustainability-oriented brokers services.

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Beyond the identification of strategic directions, the SWOT analysis also highlights the dynamic interaction between internal capability and external ESG-driven transformation within the reinsurance brokers industry. The coexistence of strong intermediary positioning and limited internal ESG readiness suggests that organizations are currently operating in a transitional phase, where institutional adaptation becomes increasingly critical. In this context, ESG integration should not be viewed merely as regulatory compliance, but as a strategic capability that may influence long-term competitiveness, market legitimacy, and access to international reinsurance capacity. Moreover, organizations demonstrating stronger governance capability and sustainability preparedness are likely to possess greater resilience in responding to uncertainty, regulatory change, and increasingly complex stakeholder expectations.

One area where such strategic capability may be operationalized is through the effective use of technology. From an operational perspective, technology may play a critical role in strengthening ESG implementation within reinsurance brokers companies. The increasing availability of geospatial analytics, catastrophe modelling tools, climate databases, and digital risk monitoring platforms enables brokers to obtain a more comprehensive understanding of environmental exposures across insured portfolios. Rather than relying solely on historical claims information, brokers may increasingly utilize forward-looking risk intelligence to identify potential climate-related vulnerabilities and emerging sustainability risks. Such capabilities can support more informed risk placement decisions, facilitate communication with reinsurers, and improve the quality of sustainability-related advisory services provided to clients.

Within the Indonesian context, where exposure to natural catastrophes remains significant, the ability to integrate technology-driven risk insights into brokers activities may become an important component of long-term ESG readiness and institutional competitiveness. This technological capability may also support the development of ESG dashboards and sustainability reporting systems that provide more transparent information regarding portfolio exposure, climate-related risk concentration, and sustainability performance indicators. Taken together, these technological capabilities may strengthen the institutional foundations required for more effective ESG integration and sustainability-oriented decision-making.

Reinsurance brokers companies that proactively strengthen governance systems, invest in ESG-related competencies, and embed sustainability principles into strategic decision-making may gain meaningful differentiation advantages in an increasingly competitive market. Stronger governance quality, improved sustainability reporting, and enhanced ESG capability may not only improve institutional legitimacy but also strengthen relationships with insurers, global reinsurers, and other strategic stakeholders. Conversely, organizations that delay adaptation may face greater exposure to regulatory pressure, reputational risks, and declining relevance within increasingly sustainability-oriented insurance ecosystems.

Therefore, the SWOT framework provides an important strategic lens for understanding how Indonesian reinsurance brokers companies may transition from reactive compliance toward proactive ESG-oriented business transformation. More importantly, long-term competitiveness may increasingly depend on organizations ability to institutionalize ESG values into governance systems, professional capability, organizational culture, and sustainability-oriented strategic decisions aligned with evolving global market expectations.

Building upon these strategic considerations, the integration of external ESG pressures, organizational readiness, and strategic positioning forms the basis of a comprehensive framework for ESG integration in Indonesian reinsurance brokers companies. This framework illustrates how PESTEL analysis, the McKinsey 7S framework, and SWOT analysis interact to support sustainability-oriented business transformation. The proposed conceptual model is presented in **FIGURE 1** below as an integrated strategic perspective for understanding ESG readiness and long-term competitiveness within the reinsurance brokerage industry

External Environment
(PESTEL Analysis)
Political – Economic – Social
Technological – Environmental – Legal

Internal Organizational Readiness
(McKinsey 7S Framework)
Strategy – Structure – Systems
Shared Values – Style – Staff – Skills

Strategic Positioning
(SWOT Analysis)
Strengths – Weaknesses
Opportunities – Threats

ESG Strategic Integration Model
for Indonesian Reinsurance Brokers

FIGURE 1. Integrated ESG Strategic Framework for Reinsurance Brokers Companies

The integration of PESTEL, McKinsey 7S, and SWOT offers a comprehensive strategic perspective for ESG implementation. PESTEL identifies macro-environmental pressures, McKinsey 7S diagnoses internal readiness, while SWOT formulates strategic positioning by connecting internal capabilities with external opportunities and threats. Together, these frameworks provide a structured model for strengthening institutional resilience and sustainability competitiveness among Indonesian reinsurance brokers companies (Johnson, Scholes, 2008 ; Peters, T. J., & Waterman, 1982 ; Heinz Weihrich, 1982).

CONCLUSION

The increasing complexity of sustainability-related risks has fundamentally transformed strategic priorities across insurance and reinsurance industries. ESG integration is no longer merely a reputational concern but increasingly functions as a strategic determinant of organizational resilience, governance quality, and institutional competitiveness (Gillan *et al.*, 2021; Gatzert P., 2022). This study develops an integrated strategic framework for ESG implementation in Indonesian reinsurance brokers through the combination of PESTEL analysis, the McKinsey 7S framework, and SWOT analysis. The findings suggest that ESG integration is influenced by the interaction between external sustainability pressures, internal organizational readiness, and strategic positioning (Johnson, G., Scholes, K., & Whittington, 2008 ; Peters, T. J., & Waterman, 1982 ; Heinz Weihrich, 1982).

The PESTEL analysis identifies environmental, legal, and governance-related factors as strong external drivers shaping ESG transformation. Meanwhile, the McKinsey 7S framework highlights organizational capability gaps, particularly in systems, sustainability competencies, and strategic alignment. SWOT analysis further demonstrates that reinsurance brokers companies may leverage their intermediary role and professional networks while addressing internal limitations related to ESG capability and reporting systems. Theoretically, this study contributes to sustainability literature by repositioning reinsurance brokers as strategic ESG intermediaries capable of translating global sustainability expectations into domestic insurance practices. Methodologically, the study contributes through an integrated analytical model

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combining macro-environmental analysis, organizational readiness assessment, and SWOT-based strategic formulation (Aburto Barrera *et al*., 2023).

Practically, the proposed framework may provide an early strategic reference for reinsurance brokers companies seeking to strengthen sustainability readiness and long-term competitiveness. Future empirical studies involving field investigation are required to validate and refine the proposed framework within Indonesian insurance ecosystems (Bressan, 2023; Sood E., 2024).

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