

Original Research Article

Stakeholder Pressure and Its Effect on Sustainability Report

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Abstract

The quality of corporate sustainability reports in Indonesia is unfortunately found to be lacking, with a rating of only 53.6%. This is significantly lower compared to the average of other Southeast Asian countries. However, stakeholders are becoming more aware of their role in encouraging public companies to disclose sustainability information. This study intends to look at the quality of sustainability reports released by Indonesian public firms, as well as the impact of stakeholder pressure on these reports' quality. Data from annual and sustainability reports of businesses listed on the Indonesia Stock Exchange between 2016 and 2020 are used in the research, which is based on GRI's G4 guidelines and the GRI Standards 2016. The study looks at numerous stakeholder pressures, including pressure from creditors, media exposure, the Big Four accounting firms, employees, consumers, environmentally sensitive industries, and shareholders. The results show that companies with significant media coverage typically produce sustainability reports of high quality. However, pressure from other stakeholders has not been found to have a significant impact on the quality of these reports. This study provides valuable insights into the state of sustainability reporting in Indonesia and aims to encourage stakeholders to actively participate in promoting a sustainable industry.

Keywords: Sustainability reporting; sustainable development goals; stakeholder pressure; Indonesia

1. Introduction

As the business world evolves, companies are becoming increasingly aware of the social and environmental impact of their operations. In the past, companies primarily focused on maximizing profits, but today, they are recognizing the importance of sustainability and taking steps to consider the welfare of both their employees and the planet. This concept, known as the triple bottom line, emphasizes the balance of economic, social, and environmental considerations for a company to grow sustainably (Elkington, 1994). However, in some cases, companies' awareness of these issues does not necessarily translate into effective implementation. For example, a survey by the Indonesian Forum for the Environment revealed that corporate control of oil palm land led to deforestation of 2.1 million hectares of forest in Indonesia. Additionally, agrarian conflicts between corporations and communities continue to occur, highlighting a lack of concern for the environment and community by companies in the country. Around 2021 there were 207 Agraria conflict cases between corporations and communities (Consortium & Agrarian, 2022). Ministry of Environment and Forestry also counted dozens of energy and gas industries causing environmental pollution. As a result, stakeholders are demanding greater transparency and accountability in terms of companies' economic, social, and environmental responsibilities.

Companies' lack of awareness of the environment and communities puts stakeholder to pressure on them to create transparent information about their activities. Financial statements were insufficient to learn about a company's environmental and social responsibilities anymore. Financial statements don't include some details regarding a company's social and environmental responsibilities (Martínez-Ferrero et al., 2015). These responsibilities are outlined in sustainability reports, which are becoming increasingly important for companies to disclose. The sustainability report is a practice of measuring and disclosing company activities as the responsibility of all stakeholders regarding organizational performance in realizing sustainable development goals (GRI, 2013). Sustainability reports contain information on financial performance and non-financial performance information covering social and environmental activities with an emphasis on disclosure principles and standards that are able to describe the level of company activity as a whole so that the company can develop sustainably.

Regulation No. 51/POJK.03/2017 of the Financial Services Authority of Indonesia governs the disclosure of sustainability reports which mandates that financial service providers, issuers, and publicly traded corporations divulge their sustainability reports. However, the number of companies that disclose these reports in Indonesia is relatively low, with the country ranked last in a comparison of five other ASEAN countries, with a disclosure score of 53.6% (Loh & Thomas, 2018). Additionally, the quality of sustainability reports in Indonesia is also lacking, with the country ranking fifth out of six ASEAN countries in terms of report quality, with a score of 36%. This is lower than the average score of 46.58% for all six countries, and well below the scores of leading countries such as Singapore, Malaysia, and the Philippines (Loh & Thomas, 2020). This highlights the need for companies in Indonesia to improve their transparency and accountability in terms of their social and environmental responsibilities. The lack of transparency and quality in sustainability reports in Indonesia is a pressing issue that requires attention.

The disclosure of sustainability is crucial in fulfilling corporate responsibility to stakeholders, as it allows them to understand and evaluate the company's social and environmental impact (Fernandez-Feijoo et al., 2014). Stakeholder theory explains that management will be pressured to be more responsible for the external environment and its needs (Freeman, 1984). Stakeholder theory makes stakeholders the priority party in a business. A stakeholder is a person, group, or organization that has an interest or interest in a particular organization (Lamont, 2004). Stakeholder theory posits that companies have a duty to provide benefits to their stakeholders, which the stakeholders can exert pressure on and influence the quality of sustainability reports (Freeman, 1984). These stakeholders include investors, employees, consumers, and the environment, as well as pressure from creditors, media, government, and audits by the Big Four accounting firms (Ghozali & Chariri, 2014).

Sustainability is a voluntary report that expresses concern for a company's external environment and social actions (Abadi et al., 2021; Endarto et al., 2021). The community can see the company's performance in terms of economic, environmental, and social factors because of sustainability reporting. Sustainability is sourced from the Global Reporting Initiative (GRI) which has existed since 1990 and is made not integrated with financial statements. A company's dedication to fulfilling its commitments to social and environmental causes can be seen in the form of a sustainability publication. The importance of sustainability disclosure in evaluating a firm is rising. Corporate executives around the world are starting to understand how crucial it is to submit a report that must be more thorough and include more than just financial statistics in order to improve business plans. Not only corporate officials but also stakeholders want companies to publish good quality sustainability reports.

These research objectives are (1) to measure the growth of sustainability report quality of public companies in Indonesia for 2016-2020; (2) to obtain empirical evidence from an ethical perspective that the pressure from various stakeholders positively affects the quality of sustainability reports. In contrast to previous studies, this study explores specific types of stakeholders, which are divided into internal primary stakeholders (shareholders pressure and employee's pressure), external primary stakeholders (consumer's pressure, environmentally sensitive industry, and creditors' pressure), secondary stakeholders (media exposure and Big 4 auditors) and regulatory stakeholders (government pressure).

2. Hypothesis development

An investor-oriented industry is characterized by a significant number of shareholders who own a large portion of the company's shares and have a wide distribution of ownership. In such industries, investors, particularly shareholders in publicly traded companies, have the right to access financial and non-financial reports that provide crucial information to guide their investment decisions. This is in line with the principle of stakeholder theory, which holds that all stakeholders have the right to information regarding a company's activities (Brown & Deegan, 1998). As investors and shareholders in public companies, it is crucial for them to have access to accurate and complete information about a company's social and environmental responsibilities. This information is not only important for making informed investment decisions, but also for evaluating the long-term sustainability of the company (Putri & Wahyuningrum, 2021). The sustainability report is a key tool for providing this information, and it is becoming increasingly clear that shareholders are placing more importance on the quality and comprehensiveness of these reports. Shareholders with significant levels of ownership may exert pressure on the company to produce high-quality sustainability reports by participating in supervisory schemes, such as voting at the General Meeting of Shareholders or through other forms of engagement. According to research, a company's sustainability reports are of higher quality when there is greater demand from shareholders (Fernandez-Feijoo et al., 2014; Nilawati et al., 2019).

H1: Shareholder pressure plays a crucial role in ensuring the quality of a company's sustainability reports by promoting transparency and accountability in the disclosure of information related to social and environmental responsibility, and corporate sustainability

A company's most valuable assets are not limited to tangible, measurable items, but also include intangible assets such as intellectual capital and human resources (Rudyanto & Siregar, 2018). As internal stakeholders, employees' actions and decisions directly impact the company, as noted by (Huang & Kung, 2010). In today's business environment, it is becoming increasingly important for employees, as well as potential employees, to consider a company's ability to remain viable and grow sustainably. To ensure this, employees are increasingly participating in efforts to hold companies accountable for their social and environmental responsibilities, particularly regarding reporting. The loss of quality employees can have a detrimental impact on a company's operations, particularly in industries that rely heavily on their workforce. To mitigate this risk, companies often strive to meet the expectations and demands of their employees, including corporate sustainability reporting. Research by (Betts et al., 2015; Huang & Kung, 2010; Sun & Yu, 2015) suggests that employees in companies that prioritize social and environmental responsibility and publish sustainability reports tend to perform better than those in companies that do not. Additionally, the pressure exerted by employees on a company to be socially and environmentally responsible and transparent in their reporting has been found to positively influence the quality of sustainability reports (Fernandez-Feijoo et al., 2014; Mnif Sellami et al., 2019; Nurumina et al., 2020).

H2: The pressure exerted by employees can play a crucial role in raising the standards and rigor of a company's sustainability reporting, making it more credible and thorough

Consumer understanding of social and environmental issues has changed significantly recently. Being a member of society, consumers begin to question if the goods and services they use come from companies that practice social responsibility and environmental awareness. Consumers insist that companies release sustainability reports, which detail the company's efforts to fulfil its social and environmental obligations. According to (Saka & Noda, 2013) the prevalence of moral ideals and consumer concern about a company's sustainability might have an impact on the quality of a sustainability report. A company that is close to its customers will be more attentive to their needs and, as a result, will provide a sustainability report of greater quality than a company that is not close to customers (Goettsche et al., 2016; Mnif Sellami et al., 2019; Rudyanto & Siregar, 2018).

H3: Companies that are members of industry groups close to their consumers disclose higher quality sustainability reports than companies that are not members of industry groups close to their consumers.

Companies with strong environmental linkages, or those that have a significant impact on the environment, often face increased pressure from stakeholders to be transparent about their environmental performance. This can lead to greater opportunities for these companies to publish environmental disclosures, such as in sustainability reports. These reports can provide information on the company's environmental performance, as well as their efforts to be socially and environmentally responsible. Companies that are particularly sensitive to the environment may have a greater incentive to produce high-quality sustainability reports, as it demonstrates their commitment to environmental stewardship and can help to maintain their legitimacy with stakeholders.

H4: Companies that are members of the group of industries that are environmentally sensitive disclose higher quality sustainability reports than companies that are not members of the group of industries that are environmentally sensitive.

The recent trend of green credit policies has led to an increased emphasis on environmental considerations in credit decision-making by creditors. Companies that are involved in environmental cases often face negative public reactions and financial penalties, which can negatively impact their ability to fulfil their obligations to creditors (Chithambo et al., 2020). To mitigate these risks, creditors are now demanding that companies disclose more information about their environmental performance and practices through transparent means such as comprehensive sustainability reports. The greater the company's reliance on financing and debt, the more pressure there is from creditors to present a high-quality sustainability report (Lu & Abeysekera, 2014).

H5: Creditor pressure has a positive effect on the quality of sustainability reports.

Media exposure is characterized as news coverage by the general public that features a company (Alfariz & Widiastuti, 2021). The public's perception of a company's image and reputation is significantly shaped by the mass media as stakeholders in that process (Amran & Keat Ooi, 2014). According to the theory of media agenda-setting, the media not only represents public opinion but also shapes it. Companies can legitimate their business through connecting with stakeholders, particularly the community, by publishing information in the media (Rupley et al., 2012). For a firm, the mass media is transformed into a two-edged sword that both exerts pressure on it and shapes its legitimacy. The public may force companies to reveal more information on sustainability and their social and environmental responsibilities by using the media to pressure them (Miranatha et al., 2021). Companies that are under intense pressure from media attention will do this in response by issuing high-quality sustainability reports (Brown & Deegan, 1998; Jain et al., 2022; Janoušková et al., 2019; Michelin, 2011).

H6: Media exposure has a positive effect on the quality of sustainability reports.

The study by (Wallace et al., 1994) finds that large public accounting firms have more expertise and experience in influencing companies to disclose broader information. These large public accounting firms are known as the Big Four and they are assurance providers with a high level of quality compared to other types of assurors (Rossi & Tarquinio, 2017). DeAngelo (DeAngelo, 1981) explains that the Big Four auditors require their clients to increase voluntary disclosures including sustainability reports as an effort to develop their company visibility. Auditor pressure is, at least, a reason for companies to consider publishing quality sustainability reports. Companies audited by the Big Four are considered to have higher quality sustainability reports than companies that are not audited by the Big Four (Trianaputri & Djakman, 2019). H7: Companies audited by the Big Four have higher quality sustainability reports than companies audited by public accountants other than the Big Four.

The government's authority in terms of regulations and sanctions puts considerable pressure on companies' operations, thus encouraging them to be legitimized by the government to facilitate their activities. KPMG, one of the Big Four public accounting firms, in its 2015 survey, found that the main factor causing the increase in the number of sustainability reports being published has been the regulations set by regulators (i.e. the government, stock exchange, and related institutions). Regulation of the information disclosure by companies will be a reason for stakeholders to pressure those companies to make disclosures in their sustainability reports (He et al., 2017). Companies that comply with

regulations tend to be orderly in disclosing sustainability information in this way. The stronger the government pressure, the higher the quality of the sustainability reports published by companies (He et al., 2017; Lu & Abeysekera, 2014; Lulu, 2020).

H8: Government pressure has a positive effect on the quality of sustainability reports.

3. Methods

3.1 Data Collection

The purposive sampling approach was used to select and determine the sample from a population based on criteria. The fiscal year of the data populations is from 2016 to 2020, so the study tried to cover every listed company in that period on the Indonesian Stock Exchange. According to IDX statistics for 2020, there are 539 companies that have consistently listed their stock in IDX, not delisted or just listed during the study period. However, the initial examination looked like the sustainability reports of most companies failed to publish. Since the sustainability report has not yet become a mandatory report for companies, it appears from the sample examination that some companies publish sustainability reports with limited access, for one group, and not consistently during the study periods. At the end of the purposive sampling technique in this study, the research data gathered amounted to 160 units. Based on the sampling criteria, the sample numbered about 160 companies. The companies in this study are spread across several sectors: energy, industry, transportation and logistics, finance, infrastructure, raw goods, and primary consumer goods. All the data required to calculate the study's variables were acquired from the annual reports of representative financial and nonfinancial companies.

3.2 Variable measurement and research model

Generally, researchers use variation proxies to measure independent variables which based on accounting and online data-based approaches. Independent variables use measures that provide an appropriate and more comprehensive evaluation of firms. On the other side, to measure sustainability reporting within companies, this study employs both quantitative and qualitative content analysis methodologies. This research uses GRI-G4 and GRI Standard to analyze the quality of sustainability reports (Rudyanto & Siregar, 2018; Sriningsih & Wahyuningrum, 2022) with scoring by (Raar, 2002). The variables measurements used in this research are presented in Table 1.

Tabel 1. Operational definitions of variables

Variable/ Symbol	Operational Definition	Measurement
Quality Sustainability Report/ KUAL_SR	Quality of non-financial reports containing information on economic, social and environmental conditions. (Rudyanto & Siregar, 2018)	Content analysis: - A score of 0 is given for items that are not disclosed. - Score 1 for items that are disclosed in less than 3 sentences - Score 2 for items that are disclosed in 3 sentences/1 paragraph up to less than half a page - A score of 3 is given to items that are disclosed at least half a page up to less than 1 page of A4 - Score 4 for items disclosed on 1 page of A4 - Score 5 for items disclosed more than 1 page of A4. (Raar, 2002)
Investor-oriented Industries / INVEST	An industry that places investors as parties that influence the company. (Fernandez-Feijoo et al., 2014)	$Ownership\ Structure\ Concentration = \frac{Number\ of\ shares\ held\ by\ parent/majority\ company}{Total\ shares}$ (Rudyanto & Siregar, 2018)
Employee-oriented Industries/	Industries that make employees into stakeholders	Labor intensity ratio = $\frac{Total\ labor\ costs}{Total\ fixed\ assets}$ (Trianaputri & Djakman, 2019)

Variable/ Symbol	Operational Definition	Measurement
EMPL	as parties that influence the company. (Fernandez-Feijoo et al., 2014)	
Industries close to Consumers/ CONS	Industries that make consumers or customers the main stakeholders. (Fernandez-Feijoo et al., 2014)	Score 1 for the following industries: <ul style="list-style-type: none"> - Primary consumer goods - Finance - Industry (textiles, garments and footwear) - Infrastructure - Energy - Services trade and investment (restaurants, tourism, advertising, printing and media), investment companies, retail trade - Health - Property, real estate. - Transportation & logistics Score 0 (zero) for other industries. (Fernandez-Feijoo et al., 2014; Rudyanto & Siregar, 2018)
Environmentally Sensitive Industries / ENVI	An industry that places the local community/environment as the main stakeholder. (Fernandez-Feijoo et al., 2014)	Score 1 for the following industries: <ul style="list-style-type: none"> - Agriculture - Mining - Chemical industry - Machinery, automotive and components - Cable - Property, housing and construction - Energy industry - Expressway, airport, port, transportation - Non-building construction - Electronics Score 0 (zero) for other industries. (Fernandez-Feijoo et al., 2014; Rudyanto & Siregar, 2018)
Creditor Pressure/ CRED	Creditor pressure can affect the disclosure of company reports. (Lu & Abeysekera, 2014)	$Debt\ to\ equity\ ratio = \frac{Total\ Liabilities}{Total\ Equity}$ (Lu & Abeysekera, 2014)
Media Exposure /MEDX	Reports by mass media that highlight the company. (Solikhah & Maulina, 2021)	The natural logarithm of the number of news related to the company in the Google search engine in the reporting year. (Martínez-Ferrero et al., 2015)
Audit by Big 4/AUD	External auditors from Big 4 Public Accounting Firms. (Lu & Abeysekera, 2014)	A score of 1 (one) for companies audited by Big 4 (Pricewaterhouse Coopers, Deloitte Touche Tohmatsu, KPMG, and Ernest and Young) and 0 (zero) for companies audited by non-Big 4. (Lu & Abeysekera, 2014)
Government Pressure/ REG	The government as a regulator has great authority to pressure and influence the company's operational activities. (Lulu, 2020)	A score of 1 (one) for companies that are included in the State-Owned Enterprises (BUMN) and a score of 0 (zero) on companies that are not included in the BUMN category. (Lulu, 2020)
Company Size/ SIZE	Firm size is a measure of a company's size (large or small). (Wahyuningrum et al., 2022)	Natural logarithm of total assets. (Rudyanto & Siregar, 2018)

Variable/ Symbol	Operational Definition	Measurement
Profitability / PROFIT	Profits earned by the company during the reporting period. (Van Horne & Wachowicz, 2009)	$Return\ on\ Equity = \frac{Net\ Profit}{Total\ Equity}$ (Rudyanto & Siregar, 2018)

Source: Various references, 2022.

Data were selected using a study of the documentation in the form of sustainability reports and annual reports obtained from the relevant company websites and from the www.idx.co.id site. This study uses control variables, namely company size and profitability. The data analysis technique used is descriptive statistical analysis, a classical assumption test, multiple linear regression analysis, and hypothesis testing with the help of IBM SPSS software version 25. The multiple linear regression equation model is described in equation 1.

$$KUAL_SR = \alpha + \beta_1 INVEST + \beta_2 EMPL + \beta_3 CONS + \beta_4 ENVI + \beta_5 CRED + \beta_6 MEDX + \beta_7 AUD + \beta_8 REG + \beta_9 SIZE + \beta_{10} PROFIT + e \dots \dots \dots (1)$$

4. Result and Discussion

As can be seen in Figure 2, the disclosure of sustainability reports published by public companies listed on the Indonesia Stock Exchange every year has tended to increase, as has the quality of these reports. The results of this study show that the overall score for the quality of the sustainability report increased every year from 2016 to 2020. In addition, 4 of the 5 disclosure components (economics, environment, labor practices and human rights) exhibit an increase, while only the community component experienced fluctuations.

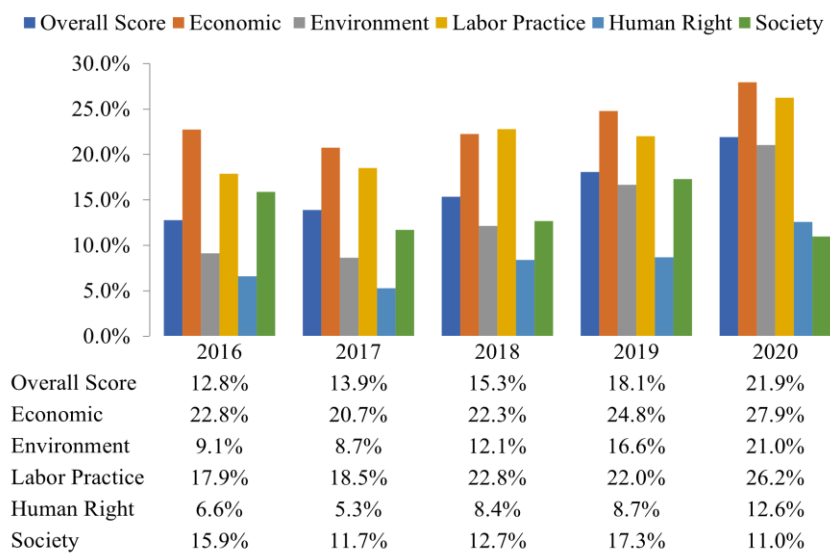


Figure 1. Overall score and content score for sustainability reporting in Indonesia

On the other hand, the sustainability report dependent variable's mean quality is 0.155, which means that the average quality of sustainability reports produced by Indonesian public firms is 15.5%. This indicates that Indonesian sustainability reports are still of poor quality. The fact that the mean of variables like shareholder pressure, consumer pressure, pressure from environmentally conscious industries, pressure from creditors, media exposure, and the Big 4 audit is higher than the deviation indicates that there is no variation in the distribution of the data. In addition, data on regulator and employee pressure became dispersed and varied, as seen by the standard deviation being higher than the mean.

In addition, the Kolmogorov-Smirnov test is used to test the normality of the data showing a significance value of .056 ($> .05$) so the data are distributed normally. The sample of this study is free from multicollinearity symptoms with each variable having a VIF value < 10 and a tolerance $> .10$. The Durbin-Watson test is used in the autocorrelation test, the results show that $du < 4 - du$ ($1,856 < 1,899 < 2,144$) which means that this study is free from autocorrelation symptoms. The heteroscedasticity test uses the Park test, the results show a significance value of $> .05$ for each variable, so there is no heteroscedasticity in this regression model. The result of hypothesis testing presented in Table 2.

Table 2. Results of hypothesis testing

Model	Coefficients				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.453	.214		2,114	.036
Shareholder Pressure	.014	.043	.025	.326	.745
Employee Pressure	.008	.011	.060	.759	.449
Consumers close to the industry	-.013	.019	-.081	-.712	.477
Environmentally sensitive Industry	.012	.022	.071	.533	.595
Creditor Pressure	-.022	.031	-.072	-.723	.471
Media Exposure	.027	.004	.483	6,061	.000
Audit by Big Four	.014	.020	.066	.720	.473
Government Pressure	-.017	.018	-.081	-.933	.352
Company Size	-.014	.007	-.281	-2,072	.040
Profitability	.008	.016	.035	.475	.635

A high level of concentration of ownership by a majority shareholder does not result in the company producing quality sustainability reports. (Lulu, 2020) states that the parent company, as the majority shareholder, does not exercise its right to monitor and control the company's management regarding the disclosure of sustainability reports. Shareholders tend to pay less attention to which company's sustainability reports are of good quality when making investment decisions. For shareholders, the main consideration when making investment decisions is profit in the form of dividends and capital gains, so it is feared that the publishing of a sustainability report will increase costs resulting in a decrease in profits for shareholders. (Kitzmueller & Shimshack, 2012) find that shareholders do not respond to the announcement of the publication of a company's sustainability reports. Currently, shareholders' awareness of the concept of social and environmental responsibility disclosed in a sustainability report is still low. Shareholders' attention is more centred on information about company profit without paying attention to the procedures used to obtain these profits (Permatasari & Narsa, 2022). Accounting information that discloses in the annual report or integrated report had value from the investors' perspective. This is in line with previous research by (Clark & Crawford, 2012; Genoud & Vignau, 2017; Nurumina et al., 2020; Rudyanto & Siregar, 2018; Westergren & Hasselgren, 2020).

Employee pressure has no effect on the quality of sustainability reports. (Rudyanto & Siregar, 2018) reveals that employees in Indonesia tend to view the publication of sustainability reports as things that can harm their company and reduce its value. This is in line with (Farooq et al., 2014) who finds that the company's social and environmental responsibilities are seen by employees in many ways. CSR activities are looked depend on the nature of the employees witnessing them. Some employees saw CSR as increasing the company's burden and resulting in a reduction in salaries. This is also the impact of the lack of dissemination of information, by the parties involved such as regulators and companies, on the importance of disclosing sustainability reports. Moreover, transparency of information about employees such as number, recruitment rates, employee turnover and labor costs are components that are wide to

be disclosed in a sustainability report. The results of this study are in line with those conducted by (Rudyanto & Siregar, 2018; Stubbs et al., 2013).

The quality of sustainability reports is not affected by whether the company is close to its consumers. Both companies that are close to their consumers, and those that are not, exhibit a relatively variable quality of sustainability reports. The results of this study indicate that consumers in Indonesia do not yet have an awareness of the importance of social and environmental responsibility and the disclosure of quality sustainability reports by companies. This is in line with the findings of (Arli & Lasmono, 2010) which describe consumer perceptions of social and environmental responsibility in Indonesia. The issue of social and environmental responsibility, as well as the quality of disclosure in sustainability reports, are not determining factors for end consumers in Indonesia when buying products or using company services. The number of families with low levels of income in Indonesia and other developing countries causes these consumers to choose products or services according to their income without considering the company's sustainability reporting activities (Arli & Lasmono, 2010). This results in people having the attitudes that they will continue to consume products without considering social and environmental responsibilities or the quality of the company's sustainability reporting. The results of this study are in line with research conducted by (Arli & Lasmono, 2010; Genoud & Vignau, 2017; Ramadhini et al., 2020; Trianaputri & Djakman, 2019; Vera-Martínez et al., 2022).

Companies that are environmentally sensitive and those that are not environmentally sensitive publish sustainability reports of varying quality. This demonstrates that whether an industry is environmentally-sensitive or not has no effect on the quality of sustainability reports. (Rudyanto & Pirzada, 2021) find that companies that are not sensitive to the environment also have the awareness to legitimize their operations through social and environmental responsibilities and report them in sustainability reports. This relates to the concept of agenda and ownership resulting in pressure from stakeholders who demand the implementation of corporate social and environmental responsibility activities and communication about them in sustainability reports. The pressure is felt by the company to publish a good quality sustainability report. In addition, research conducted by (Casey & Grenier, 2015) states that companies in environmentally-sensitive industries are subject to strict supervision and regulations related to the impact of their operations on the environment, so companies use this compliant attitude as an alternative to the disclosure of sustainability reports. Sensitivity to the environment is not the reason companies will publish sustainability reports of better quality. This is in line with research conducted by (Bachoo et al., 2013; Genoud & Vignau, 2017; Simoni et al., 2020; Westergren & Hasselgren, 2020).

Creditor pressure does not affect the quality of sustainability reports. (Lulu, 2020) explain that creditors currently do not have any concern about the extent and quality of disclosure related to sustainability when providing loans to companies. Creditors are more concerned with a company's ability to repay its debts as well as other financial indicators as a consideration for credit decisions. Creditors also view the disclosure of quality sustainability reports by public companies listed on the Indonesia Stock Exchange as having a burdening impact on a company. The costs incurred by publishing the sustainability reports are better used to repay loans to creditors. Meanwhile, the development of green credit in Indonesia has not yet spread to every industrial sector, although there is a new awareness of green credit among banking companies. This shows that, generally speaking, creditors do not consider sustainability and social and environmental responsibility to be an important part of their credit policies. The results of this study are in line with research conducted by (Ali et al., 2017; Lulu, 2020; Sriningsih & Wahyuningrum, 2022).

The greater the media exposure, the higher the quality of the sustainability reports published by a company. (Solikhah & Maulina, 2021) suggest that media coverage is considered capable of increasing the attention being paid to environmental problems. Companies with high media visibility will receive a high degree of public scrutiny, thereby encouraging a response from the company involving disclosing social and environmental responsibilities with a good quality way. The publication of a good quality

sustainability report serves as a confirmation of media coverage as well as an effort to gain legitimacy in the eyes of the community through the media. (Rupley et al., 2012) also explain that the presence of the media can convey to stakeholders how much the company cares about social and environmental issues. (Solikhah & Maulina, 2021) argue that the role of the media is felt when companies introduce products or services to customers or potential customers. Publishing news about the company's Corporate Social Responsibility (CSR) program through electronic and non-electronic media (such as websites and newspapers) strengthens the company's closeness to consumers. The position of the media as an opinion maker, as well as a means of public oversight, will encourage companies to make extensive and quality sustainability disclosures. The results of this study are in line with research conducted by (Alfariz & Widiastuti, 2021; Rupley et al., 2012; Solikhah & Maulina, 2021; Sriningsih & Wahyuningrum, 2022; Trianaputri & Djakman, 2019).

Companies that are audited by one of the Big Four public accounting companies and those audited by other public accountants have a varying quality of sustainability reports. This is supported by the fact that not many companies involve such companies to audit their sustainability reports. Companies often only ask auditors to examine financial statements and annual reports as a form of obligation to stakeholders. The limited role of external auditors leads to them neither asking nor advising their clients (the companies) to publish information that exceeds the information required by accounting standards (Hossain et al., 1995). The selection of the external auditor, and whether it is a Big Four or non-Big Four company, is determined by the General Meeting of Shareholders at which the role of the majority shareholder is certainly very significant, and the wishes of the shareholders are also taken into consideration by the company. Shareholders assume that the publication of non-financial reports such as high-quality sustainability reports will incur additional costs that this will result in reduced returns on their investments. Likewise, involving auditors from the Big Four in audits of sustainability reports will incur high costs. Thus, an audit by Big Four will not affect the quality of the company's sustainability reports. This is in line with research by (Kumar et al., 2022; Lu & Abeysekera, 2014; Ramadhini et al., 2020).

Government pressure does not affect the quality of sustainability reports. Whether the companies are state-owned or not, their sustainability reports vary in quality and are not affected by the status of their ownership regarding the government. This is supported by the Financial Services Authority Regulation No.51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, which stipulates that every public company on the Indonesia Stock Exchange, regardless of who owns them, should provide sustainability reports even if they are of varying quality. Meanwhile, (Lulu, 2020) argues that government pressure is not felt by the company because, despite legal problems with various laws, government regulations, and ministerial regulations related to social and environmental responsibility, the absence of clear sanctions creates a gap meaning companies do not publish sustainability reports or ordinary reports of low quality. The results of this study are supported by previous research by (Lulu, 2020; Sriningsih & Wahyuningrum, 2022).

5. Conclusions

The disclosure and quality of sustainability reports of public companies listed on the Indonesia Stock Exchange tend to increase every year. According to the results of this study, companies that have high visibility in terms of media exposure also have high quality sustainability reports. Meanwhile, companies operating in industries that are close to their consumers along with companies in industries that are environmentally-sensitive are not affected by differences in the quality of their sustainability reports compared to companies that operate outside their industries. In addition, shareholder pressure, employee pressure, creditor pressure, audits conducted by Big Four, and government pressure do not affect the quality of the sustainability reports. This study is expected to give a comprehensive looked at determinants that affect voluntary disclosure like sustainability reports. Companies will publish good

quality sustainability reporting due to pressure from the media as public opinion. This study has some limitations regarding analyzing stakeholder pressure on sustainability report quality. Those variables that do not influence the sustainability report must test with another proxy. Further research also can test other variables to know the effectiveness of the sustainability reports quality.

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