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Original Article

Stakeholder Pressure and Sustainability Report Quality in Indonesia

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Abstract

Public companies owe stakeholders a social duty. Public companies must report all work-related performance, initiatives, and accomplishments in their sustainability reports. Many legal frameworks and requirements do not require issuers, especially publicly traded companies, to publish sustainability reports separately from annual reports. This research uses environmentally sensitive companies to distinguish between primary and secondary stakeholders in this study. The regression analysis on IDX companies in an environmentally sensitive stock index was used to determine how stakeholder pressure and sustainable reporting affect them. Pressure from stakeholders improves sustainability reporting. Government and employee pressure affect sustainability reporting quality more than consumer and investor pressure. Additionally, larger companies report sustainability better. State-owned enterprises with many workers report sustainability better. Employees expect companies to care about social and environmental issues, so more employees in one company tend to get more disclosure pressure. State-owned enterprise companies are more organised and follow government regulations, especially sustainability. Employee and government pressure improve sustainability reporting quality, but consumer and investor results are insignificant. The limitation of this study is that only using a small sample size and focusing only on environmentally friendly companies limited this study. It would be better for future research to study all Indonesian industries and use better measurement for each variable used.

Keywords: *Corporate Social Responsibility (CSR); Environmental Disclosure; Government Influence; Stakeholder Pressure; Sustainability Reporting*

Introduction

Publicly traded corporations in Indonesia are legally mandated to communicate their performance and initiatives comprehensively to their stakeholders. This requirement is governed by Law Number 40 of 2007 concerning Limited Liability Companies, which obligates the Board of Directors to present an annual report to the General Meeting of Shareholders (GMS) within six months after the fiscal year's end, following a review by the Board of Commissioners. Additionally, the regulation POJK Number 14/POJK.04/2022 stipulates that issuers or public companies must submit periodic financial reports to the Financial Services Authority and announce these reports publicly. The demand for detailed company performance information has grown over time, extending beyond financial performance to encompass non-financial aspects. According to POJK Number 51/POJK.03/2017 on Sustainable Finance Implementation, financial institutions, issuers, and public companies must prepare a sustainability report. This report, intended for public disclosure, covers the economic, financial, social, and environmental aspects of the company's operations to promote sustainable business practices.

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Despite the legal requirements, there is still insufficient incentive for publicly traded companies in Indonesia to produce standalone sustainability reports alongside their annual reports. Research by Sriningsih and Wahyuningrum (2022) shows that only a few companies have produced separate sustainability reports, and there were only slight changes in reporting practices from 2017 to 2020. Many public companies listed on the Indonesia Stock Exchange (IDX) do not release sustainability reports, which reveals a gap in their compliance with reporting standards and regulations.

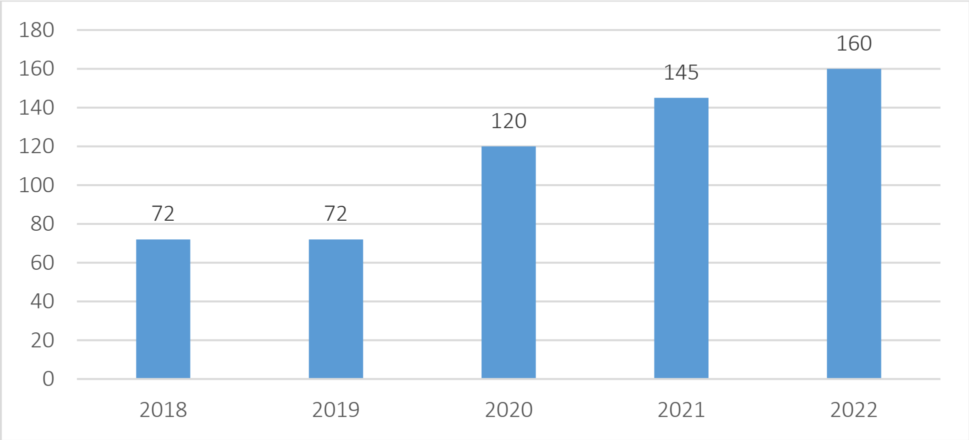

Figure 1: TOP CSR Awards Indonesia participants (2018–2022)
Source: TOP Business (2023)

From 2018 to 2022, there has been a noticeable increase in the number of companies participating in the TOP CSR Awards Indonesia, which shows a growing focus on social and environmental responsibility (Figure 1). Companies are trying to meet societal expectations (Kwon *et al*., 2024) and are shifting from traditional profit-driven goals to embrace broader social values. Research by Widyastuti *et al*. (2019) indicates that implementing corporate social responsibility (CSR) initiatives can improve a company's image and increase public trust. Additionally, green bonds - issued by companies that prioritise environmental sustainability and reduce carbon emissions - are also well-received in the market (Flammer, 2020). Studies by Aureli *et al*. (2020), Buallay (2019), Bongiovanni and Fiandrino (2024), and Landau *et al*. (2020) from various countries support the idea that the market responds positively to companies with strong environmental and social performance.

The influence of both internal and external stakeholders is a key reason for companies to adopt sustainable reporting practices. According to stakeholder theory by Freeman (2010), companies should consider decisions that benefit multiple parties, not just themselves. Pressure from stakeholders can encourage companies to provide detailed reports on their social and environmental activities (Helmig, Spraul & Ingenhoff, 2016). Stakeholders can be primary, such as customers, employees, financial institutions, and suppliers, or secondary, including government regulators, legislators, local communities, NGOs, mass media, and industry associations (Berg *et al*., 2018).

Sari *et al*. (2022) emphasise that stakeholders demand transparency in social and environmental responsibility practices. Companies must disclose their sustainability efforts to inform the market and public, reflecting a commitment to stakeholder expectations. Numerous studies have explored the impact of stakeholder pressure on sustainability reporting quality. For instance, Kowalczyk (2019) identifies regulators, shareholders, creditors, environmental institutions, and the media as key influencers in developed countries, while public pressure is more significant in developing nations. Research in Indonesia by Ruhiyat, Hakim & Handy (2022) and Suharyani, Ulum & Jati (2019) demonstrates similar findings. Nonetheless, some studies, such as Hamudiana & Achmad (2017) and Rudyanto & Siregar (2018), found no significant correlation between stakeholder pressure and sustainability report quality. Henri, Journeault, & Rodrigue (2021) also reported that business stakeholders did not significantly influence environmental policy formulation.

This study looks at how stakeholder pressure affects the disclosure of sustainability reports, considering factors like Return on Assets (ROA), company size, and the role of public accountants. Previous research has shown that companies audited by the BIG4 firms (KPMG, Deloitte, EY, and PWC) usually have higher reporting standards (Clarkson, Richardson & Tsang, 2019; Hao & He, 2022). The goal of this study is to add to the existing knowledge and help shape policies for both internal and external stakeholders. Internal stakeholders, like management, can use this information to make better decisions and evaluate performance, while external stakeholders, such as the government, investors, and creditors, can use the findings to assess and create future policies.

Literature Review

Stakeholder Theory

Stakeholder theory, developed by Eric Rhenman at the Stanford Research Institute in Switzerland, focuses on improving corporate strategic planning (Freeman, 2010). This theory highlights the importance of corporate responsibility and the voluntary sharing of information about environmental, social, and intellectual performance to meet the expectations of stakeholders (Rokhlinasari, 2016). It argues that companies should benefit both primary and secondary stakeholders (Deegan & Unerman, 2006; Permatasari & Setyastrini, 2019). Primary stakeholders are those who directly affect a company's resources and financial situation, while secondary stakeholders influence the company indirectly through their opinions and recommendations (Buysse & Verbeke, 2003; Donaldson & Preston, 1995). Engaging effectively with stakeholders is crucial for a company's sustainability and overall success.

Sustainability Reporting

Reporting involves how organisations communicate their strategy, governance, performance, and future plans to create both short-term and long-term value (Landau *et al*., 2020). According to Aras and Crowther (2009), sustainability means using resources that can be regenerated or reused. Since the 1990s, sustainability reporting has been an important topic in academic research concerning publicly traded companies (Jamil, Mohd Ghazali & Puat Nelson, 2021). Companies often disclose information through integrated, sustainability, and annual reports (Romero, Ruiz & Fernandez-Feijoo, 2019). In developing nations, sustainability reporting tends to be narrative and descriptive (Ahmad & Sulaiman, 2004; Sobhani, Amran & Zainuddin, 2012). Voluntary disclosure of sustainability efforts aims to address stakeholder concerns and foster engagement (Dienes, Sassen & Fischer, 2016).

Stakeholder Pressure

Stakeholders, as defined by Freeman and McVea (2001), encompass individuals and entities influencing or being influenced by an organisation's success. Betts, Wiengarten and Tadisina (2015) highlight the increasing demand for companies to report both financial and non-financial performance. Stakeholders prioritise environmental issues to comply with regulations and support sustainable growth (Chuang & Huang, 2018; Singh *et al*., 2022; Sodhi & Tang, 2018). Knowledgeable stakeholders, as noted by Rimbawanto *et al*. (2023), can pressure companies through information requests and performance evaluation. Lasdi and Oematan (2021) affirm stakeholders' influence in compelling companies to disclose information for strategic decisions. According to stakeholder theory, management must report activities impacting both primary and secondary stakeholders, generating societal accountability pressures (Saputro, Gunawan & Zulkarnain, 2022).

The Effect of Employee Pressure on Sustainability Report Quality

Employees are a significant segment of primary stakeholders, directly involved in planning and executing company activities (Rupp *et al*., 2006; Kowalczyk, 2019). Their commitment creates value and benefits for the organisation, improving environmental and sustainable performance through interactions with managers (Testa, Boiral & Heras-Saizarbitoria, 2018). Large workforces bring greater responsibilities, and failing to meet these responsibilities can have negative consequences (Putri, Pratama & Muslih, 2022). Employees play a significant role in influencing environmental and social responsibility reporting (Friske, Nikolov & Hoang, 2019). Their focus on company accountability is positively linked to outcomes such as commitment and job satisfaction (Sriningsih & Wahyuningrum, 2022). Research shows that pressure from employees as stakeholders enhances how companies report their environmental performance (Bello-Pintado, Machuca & Danese, 2022; Putri, Pratama & Muslih, 2022; Suharyani, Ulum & Jati, 2019; Ying, Shan & Tikuye, 2022).

The Influence of the Customer on the Sustainability Report Quality

Consumers are an important group of primary stakeholders, influencing companies that want to maintain good relationships with their customers (D'Souza *et al*., 2022). This pressure encourages firms to adjust their operations to meet consumer preferences, especially for products that are environmentally friendly and socially responsible (Rudyanto & Siregar, 2018). Demands from ethical consumers improve the quality of sustainability reporting (Darus, Mad & Yusoff, 2014; Saka & Noda, 2013). Companies that are close to their consumers often develop stronger relationships with their stakeholders (Berg *et al*., 2018; Ruhiyat, Hakim & Handy, 2022). Organisations that focus on consumer welfare tend to provide high-quality and transparent sustainability reports (Hamudiana & Achmad, 2017). Research shows a positive link between consumer pressure and better environmental and social reporting (Rudyanto & Siregar, 2018; Ruhiyat, Hakim & Handy, 2022; Suharyani, Ulum & Jati, 2019; Zhang & Liu, 2020).

The Effect of Shareholders on Sustainability Report Quality

Shareholders, owners, and investors are important stakeholders who have a strong impact on company activities. As primary stakeholders, the views and suggestions of investors are essential because they provide capital investment (Yu & Choi, 2016). Companies focus on producing high-quality and transparent reports to meet the expectations of their investors, particularly in sustainability reporting (Hamudiana & Achmad, 2017). Greater pressure from investors is linked to improved quality in sustainability reporting (Kowalczyk, 2019). The significant influence of investors is clear in ownership structures where major shareholders have substantial control (Lulu, 2020). Research shows a positive connection between shareholders and corporate sustainability reporting (Ruhiyat, Hakim & Handy, 2022; Suharyani, Ulum & Jati, 2019; Wang, Li & Qi, 2020).

The Influence of Government on Sustainability Report Quality

Compliance with government regulations is crucial for companies, covering areas like operations, human resources, and corporate reporting. State-owned enterprises (BUMNs) must follow specific rules to meet the needs of society since they are indirectly owned by the community, which expects ongoing reporting that aligns with its needs (Lulu, 2020). Pressure from government bodies and legal systems influences how companies behave (Wang, Li & Qi, 2020). Governments can support corporate social and environmental programs by offering resources and tax incentives, which can encourage sustainable innovation (Shahzad *et al*., 2020). Research shows that regulatory pressure has a significant impact on corporate environmental performance and reporting (Baah *et al*., 2021; Bello-Pintado, Machuca & Danese, 2022; Chithambo *et al*., 2020).

The Influence of the Media on Sustainability Report Quality

The media plays a key role in shaping public opinion by spreading information through mass communication channels, which significantly affects how companies operate and the pressures they face regarding reporting. According to Sriningsih and Wahyuningrum (2022), the public, as stakeholders, can use the media to push companies toward greater transparency in their sustainability efforts. Companies that perform well tend to get more media attention (Trianaputri & Djakman, 2019). On the other hand, poor environmental performance can lead to negative coverage on social media. The influence of mass media encourages companies to clearly communicate their performance, improving their public image. Research shows that pressure from the media helps enhance the quality of corporate sustainability reporting (Ramadhini, Adhariani & Djakman, 2020; Sriningsih & Wahyuningrum, 2022; Yunus, Elijido-Ten & Abhayawansa, 2020).

Research Methodology

Population and Sample

The population used in this study are companies listed on the IDX on the stock index IDX ESG Leaders, IDX LQ45 Low Carbon Leaders, ESG Sector Leaders IDX KEHATI, SRIKEHATI, and ESG Quality 45 IDX KEHATI, 2018 to 2022. Reasons for using 5 stock indexes This difference is because these five stock indices only list companies with good environmental and social performance. This sampling was based on two criteria: companies that have been included in the five stock indexes and issued sustainability reports for five consecutive years (2018-2022).

Data Collection Technique

This study uses quantitative data types. The data source used is a secondary data source. Secondary data is data obtained indirectly through the official website. This research uses secondary data obtained from the annual reports of companies listed on the Indonesia Stock Exchange (IDX) for 2018-2022, which are documented on the official website of the Indonesian Stock Exchange (IDX) and the official website of related companies. The data collection method used in this study is a documentation method, which is carried out by taking and quoting various information disclosed in the company's annual report taken from the Indonesian Stock Exchange documents in the form of each company's annual report from 2018 to 2022.

Data Analysis Method

In descriptive statistical analysis, research variables are characterized using various descriptive measures, including the average (mean), standard deviation, minimum value, and maximum value, to summarise and understand the data's distribution. On the other hand, regression analysis, particularly multiple regression, is employed to examine causal relationships between variables. It helps in identifying which independent variables are associated with the dependent variable and quantifying the nature of these relationships, thus offering insights into how different variables interact and contribute to the outcome being studied.

Hypothesis Testing

In testing the hypothesis of this study using the coefficient of determination, *f*-test, and *t*-test. The coefficient of determination measures the ability of the model to explain the dependent variables. The coefficient of judgement has a value between 0 and 1. A value close to 1 means that the independent variable provides almost all the information needed to predict the dependent variable. The F statistical test is used to determine whether the independent variables simultaneously significantly affect the dependent variable. If the significance value is more significant than 0.05, then the regression model is not feasible. In contrast, if the significance value is less than 0.05, then the regression model is feasible to use, which means that all independent variables simultaneously affect the dependent variable together. The *t*-test shows how far the influence of one explanatory or independent variable individually explains the variation of the dependent variable. If the significance level is less than 0.05, the hypothesis is accepted, whereas if the significance level is more than 0.05, the hypothesis is rejected.

Variable Measurements

Sustainability reporting, first introduced by the United Nations General Assembly in 1987 (Deegan, 2013; Moses, Che-Ahmad & Abdulmalik, 2020; Ong & Djajadikerta, 2018), has evolved to address global sustainability concerns, holding corporations and organisations accountable. This study evaluates sustainability reporting based on the completeness of the GRI disclosure items, which include 77 indicators across economic, social, and environmental dimensions. Employee pressure is quantified using the logarithm of employee numbers (Rudyanto & Siregar, 2018). Consumer pressure is assessed by industry type (Fernandez-Feijoo, Romero & Ruiz, 2014). Government pressure is scored as 1 for state-owned enterprises (Lulu, 2020), and media pressure is calculated through the logarithm of related news articles (Martínez-Ferrero, Garcia-Sanchez & Cuadrado-Ballesteros, 2015). Control variables include company size (D'Souza *et al*., 2022), ROA and audit quality, with a value of 1 assigned for Big 4 auditors (Yunus, Elijido-Ten & Abhayawansa, 2020; Key & Kim, 2020).

Results

Descriptive Statistic

Table 1: Descriptive statistical result

Variable	Minimum	Maximum	Mean	Std. Deviation
Sustainability report quality	0.219	0.974	0.507	0.133
Employee pressure	6.356	12.329	8.938	1.326
Shareholder pressure	10.190	92.500	55.719	16.856
Customer pressure	0.000	1.000	0.477	0.500
Government pressure	0.000	1.000	0.568	0.496
Media Pressure	4.836	8.316	7.398	0.774
Firm size	13.603	21.413	17.358	1.549
ROA	-6.000	46.000	5.485	7.130
Accountant	0.000	1.000	0.840	0.366

Based on the statistical tests conducted, this study found several conclusions. Based on the tests that have been carried out (Table 1), the sustainability report quality of the observed company has a minimum value of 0.219, or the company discloses a sustainability report of 33 disclosure points from the 151 indicator points used in the GRI Standard. The company that conceded 33 points was Chandra Asri Petrochemical Tbk in 2019. Meanwhile, the company that disclosed 146 points out of 151 indicator points was Timah Tbk in 2022. This is not surprising because this company won several competition awards related to social performance and corporate environment, such as the Indonesia Best CSR Award in 2023, the TOP CSR Awards in 2022, and the Top Corporate Social Responsibility of the Year in 2021.

The Coefficient of Determination and the F Test

Table 2: Coefficient of determination and the *F* test result

Variable	Coefficient of Determination	Correlation coefficient	Significance of the *F* Test
Model 1	0.370	0.104	0.000

Based on the testing of the coefficient of determination and the *f* test that has been carried out (Table 2), this study found that the value of the correlation coefficient, which describes the relationship between the variables used in this study, is 10.4% or belongs to the weak relationship category. The coefficient of determination in this research model has a value of 37%, indicating that the independent variables used in this study can explain the dependent variable by 37%. In comparison, the other 63% is explained by other variables not included in this study. In testing, the *F* test found a significance value of 0.000 (less than 0.05), which means that the independent variables can explain the dependent variable significantly and fit the model used in regression testing.

Regression and T-Test

Table 3: Regression test result

Variable	Beta	Sig.
Sustainability report quality	0.602	0.000
Employee pressure	0.022	0.002
Shareholder pressure	0.001	0.207
Customer pressure	0.005	0.786
Government pressure	0.056	0.002
Media Pressure	0.029	0.019
Firm size	0.016	0.005
ROA	0.002	0.241
Accountant	0.036	0.160

Based on the regression analysis and hypothesis testing that has been done (Table 3), this study found that only the variables employee pressure, government pressure, media pressure, and firm size have a significant influence in a positive direction; this is indicated by a significance value of less than 0.05, and a beta value is positive. In contrast, the shareholder pressure, customer pressure, ROA, and accountant variables have no significant effect, as indicated by a significance value of more than 0.05. This value indicates that the variables of employee pressure, government pressure, media pressure, and firm size can positively and significantly influence sustainability report quality. In contrast, older stress, customer pressure, ROA, and accountants have not had a significant effect, even though they already have a positive value trend.

Discussion

The Quality of Sustainability Reports

Based on the tests conducted, the graph below illustrates a discernible rise in disclosure levels among observation companies from 2018 to 2022. The study reveals that several companies adopt a phased approach to releasing their sustainability reports, resulting in a higher level of disclosure in 2022 compared to the preceding year. Moreover, 2021 to 2022 exhibits the most substantial percentage increase in disclosure, surpassing the increases observed in other years.

According to this research observation, it has been determined that Timah Tbk, Chandra Asri Petrochemical Tbk, Vale Indonesia Tbk, Sawit Sumbermas Sarana Tbk, and PT. Alam Sutera Realty Tbk is one of the three companies with the highest sustainability report disclosure level. Timah Tbk demonstrates a disclosure rate of 97%, followed by Chandra Asri Petrochemical Tbk with 92% disclosure, Vale Indonesia Tbk with 89% disclosure, Sawit Sumbermas Sarana Tbk with 88% disclosure, and PT. Alam Sutera Realty Tbk has an exposure rate of 84%. When considering the context of these three companies, it is evident that most of their operations revolve around mining, energy, industrial materials processing, plantation, and property. The variations in the backgrounds of these companies are adequate to observe disparities in their respective sectors. This indicates that the commitment and inclination of companies to enhance their sustainability reporting have permeated diverse corporate domains.

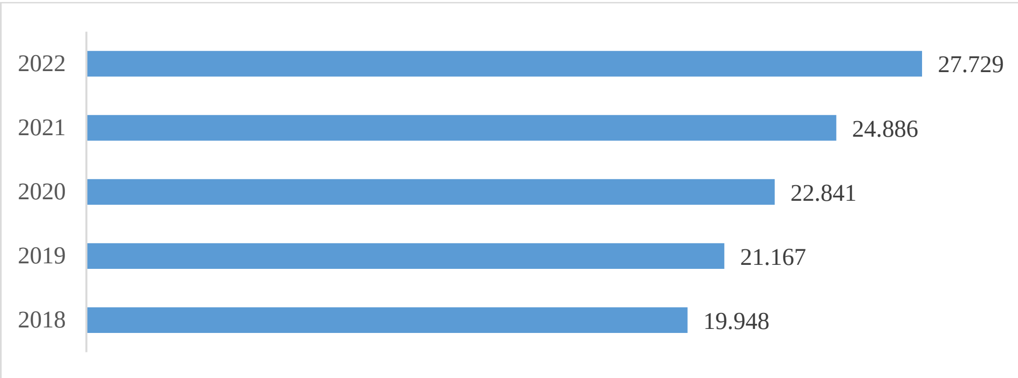

Figure 2: Sustainability disclosure amount (2018–2022)

The Impact of Employee Pressure on the Quality of Sustainability Reports

As per Figure 3, research indicates that employee pressure significantly enhances the quality of sustainability reports. According to stakeholder theory, employees, as key stakeholders with close organisational ties, positively influence corporate sustainability practices (Shahzad *et al.*, 2020). Employees, valuing social responsibility, impact sustainable disclosure by advocating comprehensive and accurate reporting (Rudyanto & Siregar, 2018). This aligns with findings from Bello-Pintado, Machuca & Danese (2022), Putri, Pratama & Muslih (2022), Suharyani, Ulum & Jati (2019), and Ying, Shan & Tikuye (2022), which emphasise the role of well-informed and proactive employees in promoting effective sustainability reporting and practices.

The Impact of Customer Involvement on the Quality of Sustainability Reporting

Empirical research shows that consumer pressure does not have a significant effect on the quality of sustainability reports, even though there is a positive correlation. According to stakeholder theory, consumers, as important stakeholders, should influence how companies perform and report their activities (Ahmad & Sulaiman, 2004; Helmig, Spraul & Ingenhoff, 2016). However, this study supports the findings of Hamudiana and Achmad (2017), which suggest that consumer pressure does not have a statistically significant impact on sustainability reporting. This lack of influence may be due to widespread consumer indifference towards corporate social responsibility (CSR) in Indonesia, where the focus is more on profit rather than social and environmental issues (Diers-Lawson, Coope & Tench, 2020; Fatma & Khan, 2023).

The Impact of Shareholders on the Quality of Sustainability Reports

Empirical research indicates that consumer pressure does not significantly affect the quality of sustainability reports, despite showing a positive correlation. According to stakeholder theory, consumers, as key stakeholders, should have an impact on how companies perform and report their activities (Ahmad & Sulaiman, 2004; Helmig, Spraul & Ingenhoff, 2016). However, this study aligns with the findings of Hamudiana and Achmad (2017), suggesting that consumer pressure lacks a statistically significant effect on sustainability reporting. This limited influence may stem from widespread consumer indifference toward Corporate Social Responsibility (CSR) in Indonesia, where the focus tends to be on profit rather than on social and environmental concerns (Diers-Lawson, Coope & Tench, 2020; Fatma & Khan, 2023).

Government Influence on Sustainability Report Quality

The test results show that the government has a significant impact on the quality of corporate sustainability report disclosures. According to stakeholder theory, the government, as a secondary stakeholder, influences companies indirectly through the creation and enforcement of regulations, giving it considerable power over corporate behavior (Baah *et al*., 2021; Bello-Pintado, Machuca & Danese, 2022; Chithambo *et al*., 2020). This influence is especially noticeable in Indonesia, where many companies are state-owned enterprises that depend on government support. Regulatory bodies use their authority to enforce environmental guidelines, pressuring companies to adopt sustainable practices. Companies that are part of state-owned enterprises (BUMN) often demonstrate higher compliance with these regulations, highlighting the government's important role in shaping sustainability reporting standards.

The Impact of Media on the Quality of Sustainability Reports

Research shows that media pressure has a significant and positive impact on corporate sustainability reporting practices. The media, as a key stakeholder, plays an important role in holding companies accountable for their environmental efforts and impacts (Tang & Tang, 2019; Yunus, Elijido-Ten & Abhayawansa, 2020). Companies that receive a lot of media attention are more likely to improve their disclosure of environmental performance in order to maintain a positive public image (Ramadhini, Adhariani & Djakman, 2020). This finding is consistent with studies by Ramadhini, Adhariani & Djakman (2020), Sriningsih and Wahyuningrum (2022), and Yunus, Elijido-Ten and Abhayawansa (2020), which emphasise that extensive media coverage encourages high-quality sustainability reporting. Additionally, negative media coverage can harm a company's reputation, leading firms to enhance their sustainability disclosures to combat negative perceptions (Chithambo *et al*., 2020).

The Impact of Firm Size, ROA and the Presence of Accounting Firms on the Quality of Sustainability Reports

Research on control variables - such as company size, ROA, and the involvement of public accounting firms - shows a positive relationship with the quality of sustainability reporting. However, only company size has a significant impact on the quality of sustainability reporting. Company size, measured by indicators like total assets, sales, and profits, plays a crucial role in shaping decision-making processes and implementing effective strategies, including strong sustainability reporting (Tobing *et al*., 2019). Smaller firms often have less engagement in sustainability reporting due to their limited scale and focus on meeting investor expectations (D'Souza *et al*., 2022). Although ROA and the presence of public accounting firms positively affect sustainability reporting, these impacts are not statistically significant. Financial performance and the role of auditors, who assist firms in adopting comprehensive reporting practices, also influence the level of sustainability disclosures (Clarkson, Richardson & Vasvari, 2008; Yunus, Elijido-Ten & Abhayawansa, 2020; Lu & Abeysekera, 2014; Ramadhini, Adhariani & Djakman, 2020).

Conclusion

Stakeholder pressure has a significant impact on the quality of corporate sustainability reporting, with pressures from employees and the government being especially influential. In comparison, pressure from consumers and investors has a smaller effect. Companies with large workforces, particularly state-owned enterprises (BUMN), tend to have stronger sustainability reporting practices. As the number of employees increases, so does the pressure on companies to be transparent and address social and environmental issues. Additionally, companies that are connected to the government often follow sustainability policies and regulations more closely.

Limitations

This study has some limitations, including a small sample size and a focus only on companies that are sensitive to environmental issues. Future research should look at a wider range of sectors and industries in Indonesia and improve the measurement of variables. For example, using dummy variables for consumer pressure and public accounting firms may lead to inaccurate data normalization. More investigation is needed to accurately measure variables and thoroughly analyze sustainability report quality indicators within the Global Reporting Initiative (GRI) framework.

Conflict of Interest

The authors affirm that there are no conflicting objectives.

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