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STAKEHOLDER PRESSURE AND SUSTAINABILITY REPORT QUALITY

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Abstract

This research aims to investigate the effect of stakeholder pressure on the sustainability reports quality with company size as a moderating variable. Using 147 firm year for companies listed in IDX80 in the period of 2020-2022 as a final sample, the results indicate that environmental, consumer, and media pressures positively affect the sustainability report quality, while employee and shareholder pressures do not affect the sustainability report quality. Firm size strengthens the impact of consumer pressure on the sustainability report quality; however, firm size weakens the effect of employee and media pressures on the sustainability report quality. Additionally, firm size does not moderate the effect of environmental pressure and shareholder pressure on the sustainability report quality. The novelty for this research is using firm size as moderating variable. The implication is that companies in Indonesia are encouraged to be more aware of the importance of issuing high-quality sustainability reports for the long-term sustainability.

Keywords : Sustainability report quality, Stakeholder pressure, Company size

Abstrak

Penelitian ini bertujuan untuk memperoleh bukti empiris terkait pengaruh tekanan pemangku kepentingan terhadap kualitas laporan keberlanjutan perusahaan dengan ukuran perusahaan sebagai variabel moderasi. Sampel berjumlah 147 dari perusahaan yang terindeks IDX80 periode 2020-2022. Hasil penelitian menunjukkan bahwa tekanan lingkungan, konsumen, dan media berpengaruh positif terhadap kualitas laporan keberlanjutan, namun tekanan karyawan dan pemegang saham tidak berpengaruh terhadap kualitas laporan keberlanjutan. Ukuran perusahaan memperkuat pengaruh tekanan konsumen terhadap kualitas laporan keberlanjutan, namun ukuran perusahaan memperlemah pengaruh tekanan karyawan dan media terhadap kualitas laporan keberlanjutan. Ukuran perusahaan juga tidak memoderasi pengaruh tekanan lingkungan dan pemegang saham terhadap kualitas sustainability report. Kebaruan dalam penelitian ini menggunakan ukuran perusahaan sebagai variabel moderasi. Perusahaan di Indonesia diharapkan semakin menyadari pentingnya laporan berkelanjutan yang berkualitas untuk mendukung kelangsungan operasional perusahaan dalam jangka panjang.

Kata Kunci : Kualitas Laporan Keberlanjutan, Tekanan Pemangku Kepentingan, Ukuran Perusahaan

INTRODUCTION

Greater corporate awareness of sustainability issues has prompted Indonesian businesses to incorporate sustainable practices into their operations. Sustainability reports are a frequent approach for firms to report on their long-term success and maintain business sustainability (Sawitri & Ardhiani, 2023). Sustainability reports have the capacity to address internal information demands and evaluate performance, allowing them to contribute to organizational decision-making and improve the company's long-term performance (Traxler, Schrack, & Greiling, 2020) and providing transparency to stakeholders (Putri et al., 2022). Companies that prioritize profits over social and environmental issues cannot ensure the long-term viability of their operations (Qisthi & Fitri, 2020).

This sustainability report explains how corporations address economic, environmental, and social issues (GRI 2013). Sustainability reports include data on both financial and non-financial successes, as well as information on social and environmental issues, with a focus on disclosure principles and guidelines. This is intended to provide a thorough view of the company's level of activity so that it can continue to grow sustainably (Alfaiz & Aryati, 2019). Many countries, including Indonesia, do not now require firms to prepare sustainability reports. The lack of understanding among Indonesian enterprises about the creation of sustainability reports triggered the issue of OJK Regulation Number 51/POJK.03/2017. Currently, practically all industrial sectors have issued sustainability reports. Indonesian financial institutions and publicly traded firms have been required to prepare sustainability reports since 2019, with listed companies required to do so since 2020. In the second year of implementation, 88% of Indonesia's listed firms had produced 2022 sustainability reports (pwc.com). Academic researchers and business practitioners are increasingly concerned about the factors that influence the quality of sustainability reports. The primary aspect deemed influential is pressure from company stakeholders. Individuals, groups, or entities with an interest in an organization are referred to as stakeholders. Each industrial sector may confront unique demands from interested parties (Lulu, 2020). Stakeholder pressure refers to the pressure and expectations that stakeholders place on companies in terms of social and environmental responsibility.

Pressure from stakeholders or company stakeholders can have a significant impact on the transparency of sustainability reports. Stakeholder pressure refers to the pressure or expectations that stakeholders place on corporations to report their long-term performance honestly. Stakeholders might expect corporations to give comprehensive, quantitative, and relevant information about their environmental, social, and corporate governance consequences. However, despite the importance of openness in sustainability reports in satisfying stakeholder expectations and developing confidence, there are significant variations in the level of transparency in sustainability reports produced by businesses.

Currently, there is a void in the literature discussing how stakeholder demand effects the openness of sustainability reporting. According to Alfaiz and Aryati's (2019) research, environmental pressure has no significant impact on the quality of sustainability reports, while shareholder pressure has a negative impact, and employee and consumer pressure has a positive impact. Octora and Amin's (2023) research differs from earlier research in that the pressures of the four stakeholders, which include the environment, employees, consumers, and shareholders, all influence the quality of sustainability reports. The findings of Lulu's

(2020) are inversely related to those of Sawitri and Ardhiani (2023), particularly in terms of environmental and consumer pressure. According to Sawitri and Ardhiani's (2023), environmental pressure, consumer pressure, shareholders, and employee pressure all have no influence on the quality of sustainability reports.

To fill that void, this study provides empirical evidence on the impact of stakeholder pressure on the quality of sustainability reports in companies. In addition, this study will look at how firm size influences the relationship between stakeholder pressure and the quality of sustainability reports. Larger corporations have more resources to respond to stakeholder demand and make significant improvements to their sustainability reporting. As a result, by integrating business size as a moderating variable, researchers can gain a better understanding of how company size influences the relationship between stakeholder pressure and sustainability report quality. Moderation of firm size is likely to either improve or diminish the link between these factors.

This study incorporates an associative method with a quantitative approach. Final sample size is 147 IDX80-indexed companies. This research sample was chosen because IDX80 is an index that measures the price performance of 80 shares of firms with significant liquidity, a substantial market capitalization, and strong company fundamentals. The study's findings show that environmental, consumer, and media pressures have a positive effect on the quality of the sustainability report, whereas employee and shareholder pressures have no effect, and that company size strengthens consumer pressure while weakening the influence of employee and media pressures on the quality of the sustainability report. It is envisaged that using company size as a moderating element will add innovation to this research. The author picked company size as a moderating variable based on study by Budiarto et al., (2023), which found that firm size improves the quality of sustainability reports. Aside from that, this study is aimed to offer organizations with information about the effect of stakeholder pressure on the quality of sustainability reports.

This research is organized as follows. Section 1 provides introduction, followed by section 2 presents literature review and hypothesis development, whereas the research methodology is explained in Section 3. In Section 4, the empirical results are presented and discussed, while the last section provides the conclusions and suggestions for future research.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory is a business and management approach that identifies and understands the numerous stakeholders involved in an organization or project. According to this stakeholder theory, an organization's obligation extends beyond investors and owners to all persons with interests or stakeholders (Sweeney and Coughlan, 2011). Stakeholders are employees, consumers, suppliers, society, government, and the environment. According to Freeman's (1984) evolution of stakeholder theory, company decisions can or are almost always impacted by parties with interests. According to Sutedi (2012:39), stakeholder theory represents the reality of corporate operations. Companies have to generate value for its customers, employees, society, and shareholders in order to be successful. Carroll (1991) contends that there is a natural link between parties with an interest in the firm and corporate social responsibility (CSR). According to this stakeholder theory, enterprises have to consider the interests of numerous people involved in their business (Sofa and Respati 2020).

Legitimacy Theory

Legitimacy is the recognition that something is legal. The legitimacy of an organization can be described as a potential benefit or resource for the company's survival (Asforth and Gibs, 1990; Dowling and Preffer, 1975). According to legitimacy theory, every corporation will continue to attempt to align its activities with the norms prevalent in the social milieu in which it works. According to Deegan, Rankin, and Tobin (2002), from the standpoint of legitimacy theory, a corporation will voluntarily publish its operations if management believes it is consistent with societal expectations. Legitimacy is achieved when a corporation aligns with societal and environmental goals while avoiding conflicts. With an unwritten contract between the firm and society, corporate social responsibility reporting can serve as a communication tool that is intended to boost the company's legitimacy, promote the company's future profitability, and address the company's immediate issues.

Agency Theory

Shareholders in a corporation are entities or individuals who have main ownership or the role of principal, whereas corporate management serve as agents. In actuality, managers' actions as agents does not always align with the original contractual agreements designed to improve shareholder welfare. According to Jensen and Meckling (1976), they often prioritize their own interests over the interests of shareholders, resulting in agency conflicts. According to (Yosua & Tundjung, 2022), a conflict of interest between the agent and the principle might occur when the agent does not act in the principal's best interests, resulting in agency fees. Agency theory describes a method for attaining goal alignment between the agent and the principal through the use of a corporate information reporting mechanism, which helps to reduce the principal's uncertainty about the firm's state (Wardoyo et al., 2021). According to agency theory, a manager must offer regular reports to ensure management responsibility to stakeholders, reducing any conflicts of interest between agents and principals (Roviqoh & Khafid, 2021).

Previous studies on the impact of stakeholder pressure on the quality of sustainability reports yielded differing results among academics. According to Alfaiz and Aryati (2019), environmental pressure has no effect on the quality of the sustainability report, while employee and consumer pressure has a significant positive effect, and shareholder pressure has a negative effect on the quality of the sustainability report. Ruhiyat et al., (2022) complement Alfaiz and Aryati's findings, which claim that consumers and employees are the most influential stakeholders in putting major pressure on enterprises to enhance Sustainability Report quality.

According to Sriningsih and Wahyuningrum's (2022) research, industries directed towards investors, employees, and creditors have no major impact on the quality of sustainability reports, whereas industries oriented toward consumers and the environment have a significant positive influence on sustainability report quality. The findings of

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Sriningsih and Wahyuningrum (2022) are supported by Putri et al., (2022), who found that employee and investor pressure has no effect on the quality of sustainability reports, whereas environmental pressure has a positive effect on the quality of sustainability reports.

Hypotheses Development

According to stakeholder theory, pressure from stakeholders, particularly those from the environment, can have a substantial impact on the quality of a company's sustainability report. The environment, as a stakeholder, is interested in promoting sustainable and socially responsible corporate practices. Environmental pressure reflects demands and expectations for the long-term viability of business activities and their impact on the natural environment. To ensure company continuity and sustainability, businesses must conserve and preserve the environment (Firmansyah, Febrian, Jadi, Husna, & Putri, 2021). Accordingly, H1 is formulated as follow:

H1: Environmental pressure has a positive effect on the sustainability report quality

Human resources, for example, are increasingly considered valuable assets of a firm, in addition to those that are measurable or have monetary value. Employees are one of the organizational assets with the potential to increase organizational value, and this value is determined by the organization's ability to maintain its business ethics and increase transparency in communicating information to the public (Firmansyah et al., 2021). Employees have the right to encourage corporate management to publish excellent sustainability reports, as they have invested in the company and rely on it for their future (Sandri, Prihatni, & Armeliza, 2021). Companies must recognize the value of maintaining quality personnel, as losing them can disrupt business operations. To avoid this predicament, corporations must respond to employee demands and properly disclose their corporate social responsibilities (Alfaiz & Aryati, 2019). Accordingly, H2 is formulated as follow:

H2: Employee pressure has a positive effect on the sustainability report quality

Consumers, as the primary external stakeholders, can influence a company's disclosure policy for sustainability reports. According to legitimacy theory, every firm seeks to guarantee that its operations are environmentally and socially acceptable, including to its customers. Companies that listen to their customers are more likely to respond to consumer demand. As a result, consumers are viewed as one of the groups that encourage businesses to share their information to the public. Saputro et al., (2022) found that customer pressure has a considerable positive influence on the quality of sustainability reports. Accordingly, H3 is formulated as follow:

H3: Customer pressure has a positive effect on the sustainability report quality

Shareholder pressure represents the level of share ownership distribution, which can lead to continuous monitoring of firm performance (Alfaiz & Aryati, 2019). Shareholders have a significant influence on managerial decisions, societal issues, and even investment decisions within the company. They present sustainability reporting issues to annual shareholder meetings as part of their increased power. As a result, it is concluded that

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shareholder pressure improves the quality of sustainability reports. This finding is also consistent with the research findings of Suharyani et al. (2019) and Yuliandhari et al. (2023), who found that shareholder pressure has a considerable favorable effect on the quality of sustainability reports. Accordingly, H4 is formulated as follow:
H4: Shareholder pressure has a positive effect on the sustainability report quality

According to Ramadhini et al. (2020), mass media is one of the stakeholders who contribute to the shaping of a company's reputation and has the potential to impact the extent of disclosure of sustainability report information. As a result, it is assumed that companies that receive more media attention publish more information about their sustainability reports than companies that do not (Belkaoui & Karpik, 1989). Chiu and Wang (2015) also discovered that corporations consider the impact of mass media exposure when reporting on sustainability challenges. Gamerschlag et al. (2011) discovered a favorable association between the disclosure of sustainability reports and firm visibility in the mass media. According to previous study, media exposure is an external element that consistently has a beneficial and significant effect on the disclosure of sustainability reports. This finding is consistent with study by Gavana et al. (2017), which found that media exposure has a significant impact on companies' voluntary disclosures in sustainability reports. Accordingly, H5 is formulated as follow:
H5: Mass media pressure has a positive effect on the sustainability report quality

The scale and resources available to a company determine its size. Large organizations have greater financial and human resources to devote to creating more complete, accurate, and comprehensive sustainability reports. Small businesses may have limited resources to create reports comparable to larger corporations. In addition, large companies typically have more complicated operations, more branches or divisions, and a broader corporate scope. As the number of employees grows, so will the pressure from them as they become more conscious of sustainability issues and the company's environmental impact. The involvement of various firm stakeholders drives the company to improve information openness. This can be viewed as a firm's endeavor to meet its responsibilities towards all of its stakeholders, and the larger the company, the scope of disclosure in its sustainability report is expected to expand (Budiarto, Muslih, & Lestari, 2023). Accordingly, the hypotheses are formulated as follow:
H6: Firm size strenghten the impact of environmental pressure on the sustainability report quality
H7: Firm size strenghten the impact of employee pressure on the sustainability report quality
H6: Firm size strenghten the impact of customer pressure on the sustainability report quality
H6: Firm size strenghten the impact of shareholder pressure on the sustainability report quality
H6: Firm size strenghten the impact of mass media pressure on the sustainability report quality

RESEARCH METHODOLOGY

The population of this research are IDX80-indexed companies that published sustainability reports for 2020-2022. The company population for the 2020-2022 period was chosen on the basis that many Indonesian companies just released their sustainability reports in 2020. The purposive sampling method select samples based on previously specified features (Damayanti & Hardiningsih, 2021). Purposive sampling has the following criteria:

1. Companies in Indonesia that are consistently indexed by IDX80 from 2020 to 2022.
2. Companies that consistently published annual and sustainability reports from 2020 to 2022.
3. Companies with complete data for this study.

The research models are defined below:

i. SRQ = α + β1EnvP + β2EmP + β3CusP + β4SHP + β5MedP + β6ROA + β7AGE + β8LEV + Ɛ
ii. SRQ = α + β1EnvP + β2EmP + β3CusP + β4SHP + β5MedP + β6FSize + β7ROA + β8AGE + β9LEV + Ɛ
iii. SRQ = α + β1EnvP + β2EmP + β3CusP + β4SHP + β5MedP + β6FSize + β7EnvP*FSize + β8EmP*FSize + β9CusP*FSize + β10SHP*FSize + β11MedP*FSize + β12ROA + β13AGE + β14LEV + Ɛ

Sustainability Report Quality (SRQ)

The dependent variable in this study is Sustainability Reports Quality (SRQ), measured by content analysis based on GRI standards followed Suharyani et al. (2019). Weighted values during content analysis are determined using the following criteria: 0 for no disclosure, 1 for brief disclosure, and 2 for quantitative and thorough disclosure. The quality of a company's sustainability report for 2020-2021 is measured using the 2016 GRI criteria, but the quality of the sustainability report for 2022 is measured using the 2021 GRI standards, which are the most recent reporting requirements. The 2016 GRI standards contain 144 assessment indicators, resulting in a maximum score of 288 (144×2). The 2021 GRI standards have 118 indicators, resulting in a maximum score of 236 (118×2). SRQ is measured by number of disclosed items divided by total items of disclosure

Stakeholder pressure is proxied by five indicators based on 5 (five) stakeholder group pressures, namely:

Environmental Pressure (EnvP)

Alfaiz and Aryati's (2019) is used to conceptualize industrial classification with environmental stakeholders. The classification of industries with the environment as a stakeholder has been updated for the Indonesian Stock Exchange. Mining, agriculture, motor vehicle parts and components, chemicals, machinery, property, cable, housing, construction, energy, highways, airfields, ports, transportation, non-building development, and electronics are examples of industries. The industries listed above are rated 1; all other industries are rated 0.

Employee Pressure (EmP)

Employee classification as stakeholders is based on measures developed by (Rudyanto & Siregar, 2018) using the ratio calculation approach, which includes the total number of employees working in the organization.

Customer Pressure (CusP)

The measurement approach used to group sectors with consumers as stakeholders is based on research by Fernandez-Feijoo et al. (2014) and has been updated to fit the Indonesian Stock Exchange's list of industries. Consumer goods, financial services, restaurants, hotels, and tourism, retail goods, printing, advertising, media, health care, textiles and apparel, footwear, energy, investment, and telecommunications industries. The industries listed above are rated 1; all other industries are rated 0.

Shareholder Pressure (SHP)

This research uses the level of ownership structure concentration as a benchmark. The intensity of shareholders' ability to influence management is influenced by the degree of concentration of share ownership. The higher the portion of share ownership in a company, the stronger the influence of shareholders in channeling pressure on the company (Arrokhman & Siswanto, 2021). This concentration level calculation method involves a comparison between the number of shares owned by the main company and the total shares outstanding. If the parent company entity is not explicitly mentioned, data related to the parent company is obtained through internet sources and the company's official website (Rudyanto & Siregar, 2018). The calculation of shareholder pressure in this research is measured using Lulu's (2020) by dividing the number of shares hold by holding companies with total number of outstanding shares.

Mass Media Pressure (MedP)

Media visibility is a means for exposing firm information to the public (Humanitisri & Ghozali, 2018) and creating communication with investors (OuYang et al., 2017). When a corporation has a good and huge reputation, it confronts more pressure to maintain that reputation, such as meeting stakeholder expectations through participation in social responsibility initiatives (Yu & Liang, 2020). According to one earlier study, media presence is an external determining factor that has repeatedly been shown to have a considerable favorable impact on the disclosure of sustainability reports. The media pressure variable was calculated using the natural logarithm of the number of news stories about the company that appeared in Google searches during the reporting year, with a focus on environmental, social, and economic aspects (Qisthi and Fitri, 2020).

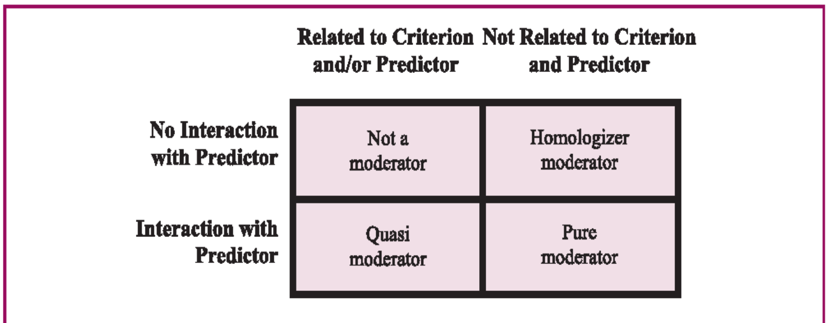
Firm Size

The company size is used as a moderating variable. It is anticipated that firm scale will strengthen the link between stakeholder pressure and the quality of sustainability reports. The company size variable is calculated using Lulu's (2020) measures by taking the natural logarithm (Ln) of the company's total assets.

This study used 3 control variables namely Return on Asset, Age, and leverage. Return on Assets (ROA) is a ratio that measures how well a company uses its assets to create profits (Sindy, 2018). It is computed by dividing net income by total assets. The measurement of company age is year n - year of first issue on the IDX (Yuliandhari et al., 2023). Leverage is measured by total liabilities divided by total asset (Majdi et al., 2023).

Data Analysis

This research uses data from the company's annual report and its sustainability report. Aside from that, the data for the study was gathered from journal references and other research publications. This study also tested for classical assumption test and the data have already free from that problem. The data then analyse using multiple linear regression and



Source: Adapted from Sharma *et al.* (1981)

Moderated Regression Analysis (MRA).
Homologizer Moderator are variables with the potential to serve as moderating variables. This variable does not significantly interact with the independent variable or have a meaningful relationship with the dependent variable. A quasi moderator interacts with the independent variable while also acting independently. A pure moderator is a variable that alters the connection between the independent and dependent variables. In this case, a pure moderating variable interacts with the independent variable but does not serve as an independent variable itself. In the connection model, the moderator predictor is a moderating variable that only serves as an independent variable.

RESULTS AND DISCUSSION

Table 1 shows the final sample used in this study. This study used a balanced sample, which means that each cross-section unit has an equal number of observations in the time series (Ghozali, 2017:198). Based on table 1, this study used 147 sample.

Tabel 1.Elimination Sample

No	Criteria	Total
1	Companies indexed consistently on IDX80 in 2020-2022	153
2	Companies that do not consistently published annual and sustainability reports in 2020- 2022	(6)
3	Companies that do not have complete data for this research	(0)
	Final Sample	147

Source: Researcher, 2023

Descriptive Statistics

The purpose of descriptive analysis is to provide a basic overview of the variables included in the study, such as environmental pressure, employee pressure, consumer pressure, shareholder pressure, media pressure, firm size, company age, return on assets, and leverage. Data is given in descriptive analysis as the average value, maximum value, minimum value, and standard deviation.

Tabel 2. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
SRQ	147	.31	.72	.4674	.08412
EnvP	147	0	1	.52	.501
EmP	147	6.49	12.15	8.9592	1.18416
CusP	147	0	1	.60	.492
SHP	147	.08	.93	.5628	.14447
MedP	147	.69	3.85	1.8966	.72510
FSize	147	23.51	35.23	31.1237	2.30417
EnvP*FSize	147	.00	33.66	16.2274	15.60225
EmP*FSize	147	183.37	407.42	279.8906	49.67647
CusP*FSize	147	.00	35.23	18.6035	15.41719
SHP*FSize	147	2.54	29.26	17.5039	4.61358
MedP*FSize	147	20.49	128.82	59.3008	23.89364
AGE	147	2.00	40.00	21.114	8.982
ROA	147	-.03	.45	.0769	.07812
LEV	147	.11	.89	.4736	.22694

Source: Researcher and SPSS Statistics, 2023

The average report quality is 0.4674 with a standard deviation of 0.08412, showing limited variations in results within the sample. The average employee pressure is 8.9592 with a standard deviation of 1.18416, showing a slight variation in the sample values. The average shareholder pressure is 0.5628, with a standard deviation of 0.14447. The smallest media pressure result is 0.69, while the maximum value is 3.85, with an average (mean) of 1.8966 and a standard deviation of 0.72510. This suggests that the media pressure variable is rather homogeneous. The average (mean) value for firm size is 31.1237, with a standard deviation of 2.30417. The company age variable has an average (mean) value of 21.14 and a standard deviation of 8.982.

Results

Regression results are described in table 3 below. The significance of the environmental pressure variable is 0.000, which is less than the limit value of 0.01 and has a B coefficient of 0.094. It is showing that environmental pressure improves the quality of sustainability reports. Therefore, **H1 is supported**. The employee pressure variable has a significance level of 0.381, which exceeds the 0.05 standard, with a B coefficient of -0.005. This suggests that employee pressure has little effect on the quality of sustainability reports. Therefore, **H2 is not supported.**

Table 3 Regression Results

	(1) SRQ	**(2) SRQ**	**(3) SRQ**
(Constant)	.377**	.519***	4.530**
	(6.448)	(5.248)	(2.012)
EnvP	.095***	.098***	-.118
	(5.266)	(5.437)	(-.494)
EmP	-.005	.001	.130**
	(-.879)	(.124)	(2.098)
CusP	.072***	.069***	-1.043***
	(4.021)	(3.860)	(-2.840)
SHP	-.026	-.031	2.087
	(-.579)	(-.711)	(1.290)
MedP	.035***	.036***	.090***
	(3.928)	(4.033)	(2.790)
FSize		-.006*	.041
		(-1.174)	(1.527)
EnvP*FSize			.007
			(.937)
EmP*FSize			-1.129**
			(-1.987)
CusP*FSize			.036***
			(3.056)
SHP*FSize			-.067
			(-1.293)
MedP*FSize			-.105*
			(-1.876)
AGE	.000	.000	-.001
	(-.177)	(-.604)	(-.999)
ROA	-.042	-.054	-.021
	(-.436)	(-.559)	(-.223)
LEV	-.005	.030	.028
	(-.159)	(.823)	(.716)
r^2	.310	.325	.439
r^2_adj	.270	.281	.380
F	.000	.000	.000
N	147	147	147

t statistics in parentheses
*p<0.1, **p<0.05, ***0<0.01

Source: Researcher, 2023

The significance level of the consumer pressure variable is 0.000, which is less than 0.01 and has a B coefficient of 0.075, showing that consumer pressure improves the quality of sustainability reports. Therefore, **H3 is supported.** The significance level for the shareholder pressure variable is 0.564, which is greater than 0.05 and has a B coefficient of -0.033, implying that shareholder pressure has no effect on the quality of sustainability reports. Therefore, **H4 is not supported**. The significance of the media pressure variable is 0.000, which is less than the limit value of 0.01 and has a B coefficient of 0.036, showing that media pressure improves the quality of sustainability reports. Therefore, **H5 is supported.**

The significance of the environmental pressure variable moderated by company size is 0.351, greater than the limit value of 0.05 with a B coefficient of 0.007, indicating that company size does not moderate the effect of environmental pressure on the quality of sustainability reports. Company size in this hypothesis is a moderator predictor. Therefore, **H6 is not supported**. The significance level of the employee pressure variable moderated by firm size is 0.049, which is less than the threshold of 0.05 and has a B coefficient of -1.129. This suggests that corporate size reduces the impact of employee pressure on the quality of sustainability reports. In this idea, company size functions as a quasi moderator. Therefore, **H7 is not supported.**

The significance level of the consumer pressure variable moderated by company size is 0.003, this value is smaller than 0.01 with a B coefficient of 0.036, which indicates that company size strengthens the influence of consumer pressure on the quality of sustainability reports. Therefore, **H8 is supported**. Company size in this hypothesis is a quasi moderator. The significance level of the shareholder pressure variable moderated by business size is 0.198, which is less than 0.05 and has a B coefficient of -0.067, implying that company size has no effect on the quality of sustainability reports. Therefore, **H9 is not supported**. In this hypothesis, company size serves as a predictor moderator.

Discussion

The Effect of Environmental Pressure on the Sustainability Reports Quality

The results of hypothesis 1, which states that environmental pressure has a beneficial effect on the quality of sustainability reports, is accepted. Lulu's research (2020) confirms the findings of this study, which reveal that Indonesians are concerned about the environment and the influence of business operations on the environment. To reduce risks and allegations, the company will carry out social and environmental responsibility activities and declare them in the sustainability report, resulting in a healthy relationship between the company, society, and the environment. These findings are reinforced by research by Nurumina et al. (2020) and Octora and Amin (2023), which show that environmental pressure improves the quality of sustainability reports. Companies that are not environmentally conscious have begun to be impacted by sustainable practices in an effort to achieve respectability.

The Effect of Employee Pressure on the Sustainability Reports Quality

The results of the second hypothesis test, which claimed that employee pressure

Improved the quality of sustainability reports, were rejected. As a result, it is reasonable to conclude that employee pressure has no effect on the quality of the company's sustainability reports. Rudyanto and Siregar (2018) found that employees in Indonesia believe that disclosing sustainability reports reduces the value of the company because it increases the company's expenditure burden, which can affect employee salaries. Employees do not promote or demand that firms provide open and excellente information on their social and environmental responsibilities. As a result, firms do not believe there is a significant initiative to disclose quality sustainability reports. The findings are reinforced by study conducted by Qisthi and Fitri (2020) and Sriningsih and Wahyuningrum (2022), who found that employee pressure had no effect on the quality of sustainability reports.

The Effect of Customer Pressure on the Sustainability Reports Quality

The results of the third hypothesis test, which show that customer pressure improves the quality of sustainability reports, are accepted. In a nutshell, pressure from corporate customers can help enhance the quality of a company's sustainability reports. Adriani and Mahayana (2021) found that customer pressure has an acceptable influence on the quality of sustainability report disclosures, which supports the findings of this test. Consumer pressure, as the company's key stakeholders, has a positive and statistically significant impact on the quality of sustainability report disclosures.

These findings provide support to the consistency part of stakeholder theory (Friedman, 1984), which asserts that firm consumers, both as groups and individuals, have a considerable influence on and/or are influenced by the achievement of company goals. Consumers, as the primary stakeholder group, are the most important party to focus on, given that the company's commercial sustainability is heavily reliant on mutually beneficial interactions with the primary stakeholder groups. Consumers currently pay attention to the things they eat, regardless of whether the company that produces them is ecologically friendly or not.

The Effect of Shareholder Pressure on the Sustainability Reports Quality

The results of the fourth hypothesis test, which suggested that shareholder pressure improved the quality of sustainability reports, were rejected. It is possible to conclude that the level of pressure exerted by a company's shareholders has no bearing on the quality of the company's sustainability report. The findings of this study are corroborated by studies conducted by Lulu (2020), Darmawan and Sudana (2022), and Sawitri and Ardhiani (2023), which all suggest that shareholder pressure has no effect on the quality of sustainability reports. Shareholders do not demand companies to improve the quality of sustainability reports. If a firm intends to increase the quality of its sustainability report, the expenditures associated with preparing the report may have an impact on the company's earnings.

According to Lulu (2020), as the primary shareholder, the parent company does not exercise its rights to supervise and regulate business management performance in order to ensure the company's continuity. Typically, when deciding where to invest, shareholders do not examine which company has a higher level of social responsibility. For shareholders, the most crucial factor in making investment decisions is generating profits through dividend distribution.

The Effect of Media Pressure on the Sustainability Reports Quality

The results of the fifth hypothesis test, which showed that media pressure improved the quality of sustainability reports, were accepted. This means that media pressure can help a corporation enhance the quality of its sustainability reports. The findings of this study are consistent with those of Ramadhini et al. (2020) and Sriningsih and Wahyuningrum (2022), who found that media pressure (media exposure) had a beneficial impact on the quality of sustainability reports. According to Sriningsih and Wahyuningrum (2022), the media is not only a reflection of public opinion, but also a party involved in shaping that opinion. Media exposure is defined as mass media coverage that improves a company's image. The media serves a dual purpose as a strategic instrument for gaining public support and a source of pressure for businesses. The media's influence can inspire businesses to be more transparent in sharing information on sustainability.

The Effect of Environmental Pressure Moderated by Company Size on the Sustainability Reports Quality

The results of the sixth hypothesis test, which indicates that corporate size increases the impact of environmental pressure on the quality of sustainability reports, are rejected. This means that a company's size has no bearing on the quality of its sustainability reports. The findings of this study are consistent with those of Alfaiz and Aryati (2019) and Sawitri and Ardhiani (2023). Because of disparities in skills and infrastructure among organizations, company size cannot mi Industries with strict regulations or considerable public pressure on sustainability concerns may already be encouraging enterprises of all sizes to pay closer attention to the quality of their sustainability reports. In addition, non-environmental companies have begun to incorporate sustainability practices into their operations (Alfaiz & Aryati, 2019).

The Effect of Employee Pressure Moderated by Company Size on the Sustainability Reports Quality

The results of the seventh hypothesis test, which indicates that firm scale increases the impact of employee pressure on the quality of sustainability reports, are rejected. This indicates that as a company grows in size, the pressure from employees decreases. This can also happen when the board of directors prepares sustainability reports, thus personnel at lower levels lack the authority to influence the level of disclosure. Employee pressure on the quality of sustainability reports is reduced by company size because employees believe that if the company is more open about submitting sustainability reports, it will increase the company's burden and possibly result in a reduction in their salaries (Saputro et al., 2022). Aside from that, some departments and management are in charge of preparing sustainability reports, therefore employees have less capacity to place expectations or pressure on the quality of the company's sustainability reports.

The Effect of Customer Pressure Moderated by Company Size on the Sustainability Reports Quality

The findings of the ninth hypothesis test, which show that corporate scale increases the influence of customer pressure on the quality of sustainability reports, are accepted. In this scenario, the larger the scale of a corporation, the greater the demand received from consumers to submit quality sustainability reports. Consumer pressure, adjusted for firm size, can have a considerable impact on the quality of sustainability reports. Company size is a moderating element since larger organizations may have more resources and expertise for monitoring and compiling sustainability reports. Customer pressure, which reflects customer concern about sustainability issues, is a motivator for businesses to take more seriously consumer demands and expectations.

The Effect of Shareholder Pressure Moderated by Company Size on the Sustainability Reports Quality

The results of the ninth hypothesis test, which indicates that firm scale increases the impact of shareholder pressure on the quality of sustainability reports, are rejected. In this scenario, a company's size has no bearing on the amount of pressure it faces from its shareholders. The findings of this study are corroborated by studies by Sawitri and Ardhiani (2022) and Lulu (2020), who found that investors primarily consider the distribution of dividends they will get, rather than the quality of the company's sustainability report. The larger a corporation, the more investors invest their money in it. Investors who put their money into major corporations expect big returns. If a firm intends to increase the quality of its sustainability report, the expenditures associated with preparing the report may have an impact on the company's earnings. Smaller corporate profitability can impact the amount of dividends paid to shareholders. As a result, shareholders rarely exert pressure on corporations to improve the quality of their sustainability reports.

The Effect of Environmental Pressure Moderated by Company Size on the Sustainability Reports Quality

The results of the tenth hypothesis test, which indicates that firm size increases the impact of media pressure on the quality of sustainability reports, are rejected. This means that the larger the corporation, the less pressure it faces from the media.

A company's image improves as it grows in size. Aside from that, major corporations are often more conscious of sustainability, therefore the media's pressure on companies to provide quality reports will decrease. Large corporations, with more resources, will naturally be able to manage and respond to media pressure better than smaller companies. Large firms typically have robust communications departments and dedicated teams that can respond to media pressure in a more coordinated manner. Furthermore, large organizations typically have a specialized department or team in charge of producing and compiling sustainability reports, with the ability to perform extensive research, evaluate data, and present the information comprehensively. As a result, they can better withstand media criticism by giving more precise and extensive information in their sustainability reports. As a result, firm size reduces the impact of media pressure on the quality of corporate sustainability reports.

CONCLUSIONS

This study investigates at how pressure from different stakeholders affects the quality of sustainability reports. Researchers can draw the following conclusions based on their analysis and findings: Environmental, consumer, and media pressure positively affect the quality of sustainability reports. However, employee and shareholder pressure have no impact on the sustainability reports quality. Based to the moderation examination, firm size does not moderate the impact of environmental and shareholder pressure on the quality of sustainability reports. The impact of employee and media pressure on the quality of sustainability reports weakens as a company grows larger. However, firm size strengthens the impact of customer pressure on the sustainability reports quality. The research's limitation is that the independent variable's ability to describe the dependent variable is only about 38%, implying that there are other elements that have the potential to influence and explain the quality of sustainability reports than those utilized in this study. Accordingly, future research can including other independent variable proxies relating to pressure from other stakeholders, such as government, creditors, investors, or suppliers pressure.

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