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Stakeholder Pressure, External Assurance, Firm Size, and Sustainability Report

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ABSTRACT

This study aims analyze the impact of stakeholder pressure, use of external assurance, and size of the company on the quality of the sustainability report disclosure on the company go public. The data used in this study are secondary data obtained from the annual financial statements and stand alone sustainability reports of companies listed on the Indonesian Stock Exchange for 2019-2022. The analysis method used was a double linear regression analysis with the help of SPSS 25. The results showed that environmental pressure, investor pressure, the use of external assurance, and the size of the company had a positive impact on the quality of the sustainability report disclosure.

INTRODUCTION

The dynamic movement of civilization not only affects human life but also impacts economic turnover and environmental conditions. With time, economic progress can be marked by an increase in various business sectors and increasingly fierce business competition. This competition intensifies business activities and drives companies to prioritize profit (Suharyani et al., 2019). Business activities, however, have both positive and negative impacts on companies, human life, and the environment. Although companies can meet societal needs for goods and services, they also often cause negative effects, such as environmental pollution and unfair treatment of workers, leading to public dissatisfaction (Yuliawati et al., 2020).

Environmental incidents are exemplified by cases in Indonesia, such as the rejection by WALHI of PT Timah's mining expansion in Bangka Belitung's coastal areas. Local communities have opposed tin mining due to its detrimental environmental and social impacts. The coastal sea area of Batu Beriga in Bangka Belitung is vital for marine ecosystems and local livelihoods. The area has high conservation value and supports the majority of the local population who depend on marine resources. Tin mining in Batu Beriga exceeds environmental standards for heavy metal pollutants, disrupting marine life and fisheries. Indonesia is also known for its fertile land and abundant natural resources, faces numerous agrarian conflicts between companies and communities (Wahana Lingkungan Hidup Indonesia (WALHI), 2024).

The rise of environmental and social issues has led to new paradigms concerning corporate transparency (Aprilya Tobing, 2019). Companies are expected to report transparently on their environmental and social impacts (Surya Abbas et al., 2023). Sustainability report which based on on the Triple Bottom Line approach, covering people, planet, and profit, helps companies evaluate their contributions to disclose economic, environmental, and social improvement (Bini & Bellucci, 2020:11) s. the need for credible and transparent sustainability reporting. Companies must benefit their stakeholders to gain support for their existence. Providing good, relevant, and transparent information can enhance legitimacy and improve the company's image among stakeholders and the public (Darmawan & Sudana, 2022). Stakeholder pressure requires companies to fulfill their expectations through quality reporting. Octora & Amin (2023) divided stakeholder pressure into four categories: environmental, consumer, shareholder, and employee pressure, finding all positively impacting to sustainability report quality. However, Darmawan & Sudana (2022) found differing results, with environmental pressure positively influencing report quality, employee and shareholder pressure having no effect, and consumer pressure having a negative effect. In research of Meinawati & Wirakusuma (2023), found that employee pressure has a positive and significant effect on sustainability reports. Meanwhile, Arrokhman & Siswanto (2021) found that shareholder pressure negatively affects the quality of sustainability reports.These inconsistent findings drive further investigation into how stakeholder pressure affects sustainability report quality.

According to PwC Indonesia (2023), the disclosure of sustainability reports in Indonesia increased by 88% in 2022 compared to 2021. Despite an increase in sustainability report disclosures in Indonesia, the quality and credibility of these reports remain questions. Sebrina et al. (2023) concluded that the distribution of standalone sustainability reports and those adhering to GRI Standards in Indonesia is still relatively low. The rise in sustainability report disclosures in Indonesia raises concerns about report quality (PwC Indonesia, 2023). External assurance is an independent firm that reviews and tests sustainability reports to enhance trust and credibility in the information presented (Harymawan et al., 2020; Susanti et al., 2022; Murthin & Septiani, 2022; Harindahyani & Agustia, 2023). In Indonesia, assurance services for sustainability reports are provided by Big Four accounting firms such as PwC, Deloitte, KPMG, and Ernst & Young (Kurniawan, 2018). Other providers include CBC Global Indonesia, British Standards Institution, Karisman Consulting, and SR Asia Indonesia. According to GRI 2013, as referenced in studies by Razak et al. (2022) and Dewi et al. (2019), assurance providers should be independent from the audited company to deliver objective and unbiased opinions or conclusions. External assurance helps by validating reports and reducing information asymmetry, thus enhancing reliability and credibility (Dayan, 2020; Harindahyani & Agustia, 2023). However, Indonesia lacks regulations mandating external assurance, and some companies do not use these services (Harymawan et al., 2020; Susanti et al., 2022; Murthin & Septiani, 2022) Whereas, as stakeholder demand for reliable sustainability information grows, external assurance becomes crucial, increasing trust and reputation among stakeholders (Harymawan et al., 2020). Research conducted by Harymawan et al. (2020) revealed that the use of external assurance in sustainability reports can increase a company's value. The research of Alfajar & Taqwa (2024) also found that stakeholder pressure and firm size can influence a company's decision to use external assurance. Therefore, this study will further investigate the impact of using external assurance on the quality of sustainability report disclosures.

Firm size is a significant aspect of sustainability report disclosure. Investors and shareholders consider firm size when making decisions, as larger companies engage in more activities with substantial impacts (Madani & Gayatri, 2021). Aligning with stakeholder theory and legitimacy concepts, larger companies face more scrutiny and pressure from stakeholders, as their activities are more visible (Made et al., 2020). Yuliawati et al. (2020), Arrokhman & Siswanto

(2021), and Made et al. (2020) found that firm size positively influence sustainability report disclosure, while Madani & Gayatri (2021) found a negative and significant impact. These inconsistent findings drive further investigation into how firm size affects sustainability report quality.

LITERATURE REVIEW

Legitimacy theory posits that companies must strive to align with societal norms and limitations in their operations to be deemed legitimate and accepted by society (Meinawati & Wirakusuma, 2023) theory underscores the importance of consistency between a company's values and actions and societal expectations and values. By maintaining legitimacy, companies can gain support and trust from external stakeholders who can potentially influence the company's performance and sustainability (Pratama & Deviyanti, 2022). To achieve this legitimacy, companies must heed and meet the expectations, anticipations, and norms held by stakeholders.

Legitimacy theory incorporates the concept of sustainability, referring to companies' efforts to gain and maintain support and recognition from various stakeholders by transparently and accurately disclosing information about their sustainability practices. Disclosing sustainability reports is one of the practices companies use to gain legitimacy from stakeholders. Sustainability reports help companies communicate the alignment of their activities and policies with societal expectations, legal norms, and prevailing social values to be deemed legitimate and worthy (Dayan, 2020).

This theory plays a crucial role in sustainability reporting by explaining how companies maintain support and recognition from various stakeholders through the disclosure of sustainability reports that meet stakeholders' expectations and needs. Through sustainability reports, companies demonstrate their commitment to social and environmental responsibility and the steps taken to manage negative impacts and enhance positive contributions to society and the environment. Thus, companies aim to build trust and a strong reputation in the public's eyes as responsible and sustainable entities.

Stakeholder theory evolved from the awareness that companies have responsibilities toward various parties involved in their operations (Azmiyanti & Sukiswo, 2022). This theory presents a view of capitalism that emphasizes the interrelationship between companies and stakeholders, such as employees, consumers, suppliers, investors, communities, governments, and other external parties connected to the company. It emphasizes that companies should not only create value for themselves but also their stakeholders. Stakeholders are defined as individuals or groups that can affect or are affected by a company. According to this theory, companies must maintain relationships and be accountable to stakeholders.

In the context of sustainability reports, stakeholders urge companies to consider not only financial gains but also the environmental and social impacts of their operations. Reflecting on existing issues, stakeholders expect companies to disclose relevant and transparent information about their business practices through sustainability reports (Darmawan & Sudana, 2022). By paying attention to stakeholder pressures and interests, companies can build strong relationships with the community and stakeholders and gain their trust. This can help companies grow and receive feedback to improve their sustainability performance. Stakeholder theory illustrates that high-quality sustainability reports reflect a company's commitment to managing economic, social, and environmental impacts. Therefore, stakeholder theory is a vital focal point in the development and reporting of sustainability reports by companies (Tegofack & Fodjo, 2021).

This research proxies stakeholder pressure into four categories: environmental pressure, consumer pressure, employee pressure, and investor pressure. Based on legitimacy theory and stakeholder theory, a good company meets the expectations and needs of its stakeholders.

Disclosure of sustainability reports is one-way companies to fulfill stakeholder expectations. Sustainability reports serve as a dialogue in which companies demonstrate their participation in supporting the concept of sustainability (Bini & Bellucci, 2020:1). This research references studies by Rizkika Alfaiz & Aryati (2019), Darmawan & Sudana (2022), Meinawati & Wirakusuma (2023), and Octora & Amin (2023), which proxy stakeholder pressure into the four categories: environmental pressure, consumer pressure, employee pressure, and investor pressure.

Environmentally sensitive companies should provide greater transparency regarding their activities to gain public legitimacy, especially in extractive, manufacturing, and construction industries (Rizkika Alfaiz & Aryati, 2019). Stakeholders focused on environmental issues pressure companies to disclose relevant information, demanding corporate accountability for exploiting nature and the environment. This claim is supported by research from Darmawan & Sudana (2022) and Octora & Amin (2023), which found that environmental pressure influences sustainability report disclosure. Therefore, the following hypothesis is proposed:

- H1: Environmental pressure positively affects the quality of sustainability report disclosure.

Consumers are the primary targets for business operations. Stakeholder theory posits that companies are deemed good if they maintain their image and relationships with consumers, ensuring operational stability. Close relationships with consumers tend to result in highly transparent sustainability reports to minimize consumer pressure. In this context, consumer pressure involves customers urging companies to behave ethically and responsibly by reporting on their social and environmental practices (Darmawan & Sudana, 2022). The openness of a company's business activities is reflected in sustainability reports. Research by Octora & Amin (2023) and Sriningsih & Wahyuningrum (2022) indicates that consumer pressure influences sustainability report disclosure. Thus, the following hypothesis is proposed:

- H_2: Consumer pressure positively affects the quality of sustainability report disclosure.

Employees also play a crucial role within companies and have strong ties to the entities. They are vital in determining corporate performance and achieving goals. Employees can also pressure companies to increase transparency and contribute positively to development as demands for companies to fulfill their rights. According to stakeholder theory, companies are considered good if they meet employee rights (Darmawan & Sudana, 2022). Industries emphasizing employee welfare and satisfaction tend to have low turnover rates, ultimately enhancing efficiency and productivity (Suharyani et al., 2019). Research by Octora & Amin (2023) and Meinawati & Wirakusuma (2023) concludes that employee pressure positively impacts the quality of sustainability reports. Therefore, the following hypothesis is proposed:

- H3: Employee pressure positively affects the quality of sustainability report disclosure.

Investors are known as parties who provide capital to companies with the expectation of returns on their investments. This means investors are entitled to both financial and non-financial information from companies (Sriningsih & Wahyuningrum, 2022). Investors, often shareholders, have interests in company ownership and voting rights in corporate decisions. Thus, investors and shareholders deserve transparency regarding company operations funded by their capital (Arrokhman & Siswanto, 2021). Investor pressure is a key factor in enhancing the quality of a company's sustainability reports. Consequently, companies disclose higher-quality information in their sustainability reports under investor pressure. This finding aligns with research by Octora & Amin (2023) and Suharyani et al. (2019), which states that investor pressure positively affects the quality of sustainability reports. Therefore, the following hypothesis is proposed:

- H4: Investor pressure positively affects the quality of sustainability report disclosure.

The use of external assurance for sustainability reports in Indonesia is still voluntary (Meutia et al., 2022). Using assurance providers for sustainability reports is one way to maintain legitimacy, as these providers test and validate the company's sustainability report. According to Adams (2004) in Harymawan et al. (2020), this practice helps companies improve the quality of their reports, both in terms of information disclosure and compliance with GRI standards. More credible and transparent sustainability reports help clarify the information presented, making it easier for stakeholders to understand the company's commitment to supporting sustainability missions (Meutia et al., 2022). Harymawan et al. (2020) found that higher external assurance disclosure in sustainability reports correlates with greater company value. An increase in company value significantly impacts creating a positive corporate image Harymawan et al. (2020). If external assurance can enhance the quality of sustainability reports, it can help strengthen the company's reputation and improve stakeholder legitimacy. Therefore, the researcher proposes the following hypothesis:

- H_5: The use of external assurance positively affects the quality of sustainability report disclosure

Firm size is often reflected in the extensive disclosure of financial information, as seen from the amount of assets and sales levels (Kusumawardani, 2022). In the context of legitimacy theory, firm size is related to the level of social and environmental information disclosure, with larger companies tending to engage in more activities and attracting more public attention (Yuliawati et al., 2020; Roviqoh & Khafid, 2021).

According to Afsari et al. (2017) in Kusumawardani (2022), the disclosure of information about a company's activities in the sustainability report also becomes more extensive with the company's size. Beyond legitimacy theory, stakeholder theory also supports that companies must be responsive to their stakeholders' desires (Arrokhman & Siswanto, 2021). Madona & Khafid (2020) argue that firm size influences sustainability report disclosure because larger companies have a greater impact on society and the environment and require high credibility to ensure stakeholder support. This statement aligns with the findings of Arrokhman & Siswanto (2021), Yuliawati et al. (2020), and Darmawan & Sudana (2022), which state that firm size positively affects sustainability report disclosure. Research by Surya Abbas et al. (2023) also states that larger companies are more aware of their social responsibilities, thus firm size affects sustainability report disclosure. Therefore, the researcher proposes the following hypothesis:

- H_6: Firm size positively affects the quality of sustainability report disclosure.

METHODS

The population of this study consists of all sectors of companies listed on the Indonesia Stock Exchange between 2019 and 2022, totaling 659 companies. Sampling was conducted using the non-probability sampling technique with the purposive sampling method, resulting in a sample size of 73 companies.

The data used in this research are secondary data, comprising stand-alone sustainability reports and annual financial reports published by companies listed on the Indonesia Stock Exchange between 2019-2022. These data were obtained from the Indonesia Stock Exchange website and the official websites of the companies.

Environmental Pressure

This study calculates environmental pressure by assigning a dummy value of 1 to companies operating in the sectors of property and real estate, infrastructure, consumer cyclicals, consumer non-cyclicals, energy, industrial, transportation and logistics, and basic materials. Others are assigned a dummy value of 0 (Octora & Amin, 2023; Darmawan & Sudana, 2022). According to Fernandez-Feijoo et al. (2014), the dummy value of 1 assigned to the sectors mentioned above is because these sectors have significant environmental impacts. These sectors involve activities such as extracting or mining raw materials from nature, as well as exploiting natural resources directly from the environment. Additionally, these sectors also cause pollution from their business activities.

Consumer Pressure

According to Fernandez-Feijoo et al. (2014) cited in Darmawan & Sudana (2022), consumer pressure is calculated by assigning a dummy value of 1 to the financial, consumer cyclicals, consumer non-cyclicals, basic materials, technology, and energy sectors. Meanwhile, other sectors are assigned a dummy value of 0. The sectors of companies assigned a value of 1 are those included in sectors known to the general public as consumers of products or services (Fernandez-Feijoo et al., 2014)

Employee Pressure

Based on the studies by Rizkika Alfaiz & Aryati (2019), Octora & Amin (2023), Meinawati & Wirakusuma (2023), and Darmawan & Sudana (2022), employee pressure is measured using the natural logarithm formula as follows: EP = Ln(total employees). *Note: EP= Employee Pressure.*

Investor Pressure

According to the studies by Darmawan & Sudana (2022) and Octora & Amin (2023), investor pressure can be measured using a dummy variable. Sectors with high investor pressure in the industry include consumer cyclicals, consumer non-cyclicals, financial, property and real estate, energy, basic materials, infrastructure, and healthcare, which are assigned a value of 1, while sectors other than these are assigned a value of 0. In study of Fernandez-Feijoo et al. (2014), a dummy value of 1 is assigned if a company operates in sectors with high pressure from their investors. This includes industries where more than 50% of their companies are listed on the stock exchange.

The Use Of External Assurance

The use of external assurance is measured through the issuance of an independent assurance statement on the company's sustainability report by the external assurance provider used by the company. If the company's sustainability report includes an independent assurance statement, it will be assigned a dummy value of 1. If the sustainability report of the company does not contain an independent assurance statement, it will be assigned a dummy value of 0.

Firm Size

According to Aprilya Tobing (2019), Arrokhman & Siswanto (2021), and Surya Abbas et al. (2023), firm size can be measured using total assets, calculated using natural logarithm with the following formula: FS = Ln (total assets). *Note: FS = Firm Size*

The dependent variable in this study is the quality of sustainability report disclosure. According to Villiers & Maroun (2018:3) in their book titled "*Sustainability Accounting and Integrated Reporting*", a sustainability report is a report that discloses a company's performance in terms of economic, social, and environmental aspects and serves as a form of accountability for the company's impact.

This study uses the 2021 GRI guidelines developed by the Global Sustainability Standards Board (GSSB) to measure the quality of sustainability report disclosure. According to the research by Darmawan & Sudana (2022), Meinawati & Wirakusuma (2023), Made et al. (2020), and Muanifah & Pamulang (2023), the disclosure of sustainability reports can be measured using the Sustainability Report Disclosure Index (SRDI) formula as follows:

$$\text{SRDI} = \frac{\text{Number of disclosed indicators}}{\text{Number of expected disclosure indicators}}$$

Analysis Method

This research is a quantitative study utilizing multiple linear regression analysis with the Statistical Package of Social Science (SPSS) version 25. The regression equation model used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Explanation:
Y = Quality of Sustainability Report Disclosure
α = Constant
β = Regression Coefficients
X_1 = Environmental Pressure
X_2 = Consumer Pressure
X_3 = Employee Pressure
X_4 = Investor Pressure
X_5 = Use of External Assurance
X_6 = Firm Size
e = Error

This study will perform a normality test to determine whether the regression model's independent and dependent variables have a normal distribution. The Kolmogorov-Smirnov normality test will be used. The Kolmogorov-Smirnov test is a statistical technique used to assess whether a sample data set comes from a normal distribution. Hypothesis tests will consist of model fit test (F-test), significance of partial parameters (t-test), and coefficient of determination test (R-squared). All of these tests will be conducted with the help of SPSS 25.

RESULTS AND DISCUSSION

The Table below shows the results of the descriptive statistical analysis from this study. Descriptive statistical analysis presents the data of a variable analyzed in quantitative research to describe the data based on the mean, standard deviation, minimum value, and maximum value.

Table 1 Descriptive Statistical Analysis

	N	Min.	Max.	Mean	Std. Deviation
Environmental_P	292	0	1	0.753	0,432
Consumer_P	292	0	1	0.712	0,453
Employee_P	292	4.595	12.328	8,397	1,305
Investor_P	292	0	1	0.917	0,275
Firm_Size	292	20.755	35,228	30,911	2,041
SRDI	292	0.122	0.950	0,474	0,167
External_Assurance	292	0	1	0.315	0,465
Valid N (listwise)	292				

Sources: Processed Data (2024)

The environmental pressure variable (Environmental_P) shows a minimum value of 0 from samples in the financial and healthcare sectors, and a maximum value of 1 from samples in the consumer cyclicals, consumer non-cyclicals, property and real estate, energy, basic material, infrastructure, industrial, and transportation and logistics sectors. The mean value is 0.75, with a standard deviation of 0.432. The consumer pressure variable (Consumer_P) shows a minimum value of 0 from samples in the property and real estate, infrastructure, industrial, transportation and logistics, and healthcare sectors, and a maximum value of 1 from samples in the consumer cyclicals, consumer non-cyclicals, financial, energy, and basic material sectors. The mean value is 0.71, with a standard deviation of 0.453.

The employee pressure variable (Employee_P) shows a minimum value of 4.60 from the PSSI company sample in 2022, and a maximum value of 12.33 from the ASII company sample in 2019. The mean value is 8.39, with a standard deviation of 1.30. The investor pressure variable (Investor_P) shows a minimum value of 0 from samples in the industrial and transportation and logistics sectors, and a maximum value of 1 from samples in the consumer cyclicals, consumer non-cyclicals, financial, energy, property and real estate, infrastructure, basic material, and healthcare sectors. The mean value is 0.91, with a standard deviation of 0.275.

The firm size variable (Firm_Size) shows a minimum value of 20.76 from the GGRP company sample in 2020, and a maximum value of 35.23 from the BMRI company sample in 2022. The mean value is 30.91, with a standard deviation of 2.04. The quality of sustainability report disclosure variable (SRDI) shows a minimum value of 0.12 from the BDMN company sample in 2019, and a maximum value of 0.95 from the TINS company sample in 2022. The mean value is 0.47, with a standard deviation of 0.16. The external assurance usage variable (External_Assurance) shows minimum and maximum values of 0 and 1, respectively, as detailed in Appendix 4 for each company sample. The mean value is 0.31, with a standard deviation of 0.465. Multiple linear regression analysis aims to measure the extent to which the independent variables collectively influence the dependent variable (Ghozali, 2018:96).

Table 2 Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(*Constant*)	-0,175	0,160	
Environmental_P	0,100	0,023	0,257
Consumer_P	0,003	0,022	0,008
Employee_P	0,007	0,008	0,055
Investor_P	0,109	0,037	0,178
Firm_Size	0,12	0,005	0,146
External_Assurance	0,134	0,020	0,373
a. *Dependent Variable*: SRDI			

Sources: Processed Data (2024)

Based on Table 2, the regression equation model is obtained as follows. The constant value (α) of -0.175 indicates that if the independent variables are considered constant, the average value of the dependent variable (SRDI) is -0.175. The regression coefficient value of Environmental Pressure (Environmental_P) shows a positive value of 0.100. This indicates that every increase in environmental pressure will result in an increase of 0.100, assuming other independent variables remain constant. The regression coefficient value of Consumer Pressure (Consumer_P) shows a positive value of 0.003. This indicates that every increase in consumer pressure will result in an increase of 0.003, assuming other independent variables remain constant. The regression coefficient value of Employee Pressure (Employee_P) shows a positive value of 0.007. This indicates that every increase in employee pressure will result in an increase of 0.007, assuming other independent variables remain constant. The regression coefficient value of Investor Pressure (Investor_P) shows a positive value of 0.109.

This indicates that every increase in investor pressure will result in an increase of 0.109, assuming other independent variables remain constant. The regression coefficient value of Firm size (Firm_Size) shows a positive value of 0.012. This indicates that every increase in firm size will result in an increase of 0.012, assuming other independent variables remain constant. The regression coefficient value of External Assurance shows a positive value of 0.134. This indicates that every increase in external assurance will result in an increase of 0.134, assuming other independent variables remain constant. The normality test is conducted to determine whether the regression model's independent and dependent variables have a normal distribution. This study uses the Kolmogorov-Smirnov normality test with SPSS 25.

Table 3 Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		292
Normal Parameters	Mean	-0,056
	Std. Deviation	0,159
Most Extreme Differences	Absolute	0,045
	Positive	0,045
	Negative	-0,31
Test Statistic		0,045
Asymp. Sig. (2-tailed)		0,200

Sources: Processed Data (2024)

Table 3 indicates that the residual variable has a significance value expressed as Asymp. Sig. (2-tailed) of 0.200. Thus, it can be concluded that the regression model's independent and dependent variables have a normal distribution because the significance value (Sig.) > 0.05. The F-test is used to assess how the independent variables, namely environmental pressure, consumer pressure, employee pressure, investor pressure, use of external assurance, and firm size, simultaneously affect the dependent variable, which is the quality of sustainability report disclosure. This study uses ANOVA output as the basis for decision-making in the F-test results. The following are the results of the F-test analysis from this study.

Table 4 F-test

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	*Regression*	2,110	6	0,352	16,468	0,000[b]
	Residual	6,087	285	0,021		
	Total	8,197	291			

a. *Depedent Variable:* SRDI

b. *Predictors*: (Constant), Employee_P, Consumer_P, External_Assurance, Environmental_P, Investor_P, Firm_Size

Sources: Processed Data (2024)

If the significance value (Sig.) < 0.05, the hypothesis is accepted, and it is concluded that the independent variables simultaneously affect the dependent variable. Conversely, if the significance value (Sig.) > 0.05, the hypothesis is rejected, and it is concluded that the independent variables do not simultaneously affect the dependent variable. Table 4 shows that the significance value (Sig.) is 0.000. Therefore, it can be concluded that the independent variables, namely environmental pressure, consumer pressure, employee pressure, investor pressure, use of external assurance, and firm size, simultaneously affect the dependent variable, which is the quality of sustainability report disclosure. The t-test aims to assess the impact of the independent variables—namely environmental pressure, consumer pressure, employee pressure, investor pressure, use of external assurance, and firm size—on the dependent variable, which is the quality of sustainability report disclosure, on a partial basis. The following are the results of the t-test analysis from this study.

Table 5 T-Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(*Constant*)	-0,175	0,160		-1,097	0,274
	Environmental_P	0,100	0,023	0,257	4,412	0,000
	Consumer_P	0,003	0,022	0,008	0,140	0,889
	Employee_P	0,007	0,008	0,055	0,902	0,368
	Investor_P	0,109	0,037	0,178	2,911	0,004
	Firm_Size	0,12	0,005	0,146	2,357	0,019
	External_Assurance	0,134	0,020	0,373	6,882	0,000
a. *Depedent Variable:* SRDI						

Sources: Processed Data (2024)

Based on Table 5, it can be explained that the significance value (Sig.) for Environmental Pressure (Environmental_P) < 0.05, at 0.000, and the beta coefficient is positive. Thus, environmental pressure positively affects the quality of sustainability report disclosure. Therefore, the hypothesis that environmental pressure positively affects the quality of sustainability report disclosure in this study is accepted. This is consistent with the research conducted by Darmawan & Sudana (2022) and Octora & Amin (2023) which states that environmental pressure has a positive effect on the quality of sustainability report disclosure.

The significance value (Sig.) for Consumer Pressure (Consumer_P) > 0.05, at 0.889, and the beta coefficient is positive. Thus, consumer pressure does not affect the quality of sustainability report disclosure. Therefore, the hypothesis that consumer pressure positively affects the quality of sustainability report disclosure in this study is rejected. This differs from the findings of studies conducted by Octora & Amin (2023) and Sriningsih & Wahyuningrum (2022), which state that consumer pressure has an effect on sustainability report disclosure. The difference in findings may be due to variations in the studies, such as differences in sample size and the research period.

The significance value (Sig.) for Employee Pressure (Employee_P) > 0.05, at 0.368, and the beta coefficient is positive. Thus, employee pressure does not affect the quality of sustainability report disclosure. Therefore, the hypothesis that employee pressure positively affects the quality of sustainability report disclosure in this study is rejected. The results of this hypothesis align with the research by Sriningsih & Wahyuningrum (2022) and Darmawan & Sudana (2022), which reveal that employee pressure does not affect sustainability report disclosure.

The significance value (Sig.) for Investor Pressure (Investor_P) < 0.05, at 0.004, and the beta coefficient is positive. Thus, investor pressure positively affects the quality of sustainability report disclosure. Therefore, the hypothesis that investor pressure positively affects the quality of sustainability report disclosure in this study is accepted. In their research, Octora & Amin (2023) also revealed that shareholder pressure has a positive effect on the quality of sustainability report.

The significance value (Sig.) for External Assurance < 0.05, at 0.000, and the beta coefficient is positive. Thus, the use of external assurance positively affects the quality of sustainability report disclosure. Therefore, the hypothesis that the use of external assurance positively affects the quality of sustainability report disclosure in this study is accepted. This demonstrates that the presence of external assurance can enhance the quality of sustainability reports. This, in turn, can help strengthen the company's reputation and increase stakeholder legitimacy towards the company.

The significance value (Sig.) for Firm size (Firm_Size) < 0.05, at 0.019, and the beta coefficient is positive. Thus, firm size positively affects the quality of sustainability report disclosure. Therefore, the hypothesis that firm size positively affects the quality of sustainability report disclosure in this study is accepted. The results of the hypothesis testing in this study are consistent with the findings of research conducted by Yuliawati et al. (2020), Darmawan & Sudana (2022), and Surya Abbas et al. (2023), which state that firm size has a positive effect on sustainability report disclosure. The R-squared test is used to measure how well the regression model predicts and explains the variation in the dependent variable. Below are the results of the R-squared test for this study.

Table 6 R^2-test

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0,532[a]	0,283	0,265	0,144

a. *Predictors*: (*Constant*), Employee_P, Consumer_P, External_Assurance, Environmental_P, Investor_P, Firm_Size

b. *Depedent Variable*: SRDI

Sources: Processed Data (2024)

The coefficient of determination value ranges from zero to one (0-1). A smaller R-squared value indicates that the regression model's ability to explain the effect of the independent variables on the dependent variable simultaneously is very limited or weak. Conversely, if the R-squared value approaches 1, it means that the regression model's ability to explain the effect of the independent variables on the dependent variable simultaneously is stronger. Table 6 shows that the coefficient of determination (Adjusted R Square) is 0.265. This means that environmental pressure, consumer pressure, employee pressure, investor pressure, use of external assurance, and firm size collectively explain 26.5% of the variation in the quality of sustainability report disclosure.

CONCLUSION

The conclusions of the study, which aimed to prove and analyze the effects of environmental pressure, consumer pressure, employee pressure, investor pressure, use of external assurance, and firm size, are as follows. Environmental pressure has a positive effect on the quality of sustainability report disclosure. The research indicates that companies facing high environmental pressure from the public, NGOs, or regulations tend to produce higher quality sustainability reports. This is due to the need to demonstrate their commitment to sustainable practices and environmental protection, ultimately increasing the transparency and detail in their sustainability reports. Consumer pressure has no effect on the quality of sustainability report disclosure. This finding suggests that pressure from consumers does not significantly affect the quality of a company's sustainability reports. Although consumers may care about sustainable practices, their pressure is not strong or consistent enough to drive companies to improve the quality of their sustainability report disclosures.

Employee pressure has no effect on the quality of sustainability report disclosure. Employee pressure is also found to have no significant impact on the quality of sustainability report disclosures. Although employees are important internal stakeholders, their influence on management decisions regarding sustainability reporting does not seem to be strong enough to enhance report quality. Employee more focus on working conditions, fairness, and internal company policies, rather than on sustainability issues expressed in sustainability reports. Investor pressure has a positive effect on the quality of sustainability report disclosure. Pressure from investors is found to have a positive effect on the quality of sustainability report disclosures. Investors who are increasingly concerned with ESG (Environmental, Social, and Governance) aspects push companies to provide more detailed and high-quality sustainability reports to meet expectations and build investor trust.

The use of external assurance has a positive effect on the quality of sustainability report disclosure. The use of external assurance services is proven to enhance the quality of sustainability reports. With the examination and validation by an independent third party, sustainability reports become more accurate, reliable, and credible, meeting stakeholder expectations and reducing the risk of misinformation. Company size has a positive effect on the quality of sustainability report disclosure. Larger companies tend to produce higher quality sustainability reports. This is because larger companies have more resources to gather and report sustainability data and face greater pressure from stakeholders to maintain transparency and accountability.

SUGGESTION

Based on this research, concise of recommendations are companies should improve sustainability reporting to align with GRI standards and use external assurance to enhance report credibility. They should also leverage their resources to support sustainability initiatives. The government should implement sector-specific sustainability regulations and require external assurance for credibility. More substantial penalties for non-compliance should be introduced. Investors should consider a company’s ESG performance in addition to financial returns and avoid investing in companies with negative environmental impacts. Future research should include additional variables such as organizational culture and technology, compare sustainability practices across industries, and conduct longitudinal studies to track changes over time.

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