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Determinants on Sustainability Report Quality and Moderation of Company Size

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ABSTRACT: This study examines the effect of Shareholder Pressure and Assurance Report on Sustainability Report Quality with Company Size as a moderating variable. The study population consisted of 75 energy companies listed on the IDX during the 2018-2022 period. Sampling was done by purposive sampling, resulting in 21 companies as samples. The analysis technique used is panel data linear regression using Eviews 12 software. The results showed that Shareholder Pressure has a significant effect on Sustainability Report Quality, while Assurance Report has no effect on Sustainability Report Quality. Company size as a moderating variable cannot moderate the relationship between Shareholder Pressure and Assurance Report on Sustainability Report Quality.

KEYWORDS: Sustainability Report Quality, Shareholder Pressure, Assurance Report, Company Size

I. INTRODUCTION

In the beginning, companies were established for maximum profit without considering social and environmental conditions. Often, companies ignore the negative impacts of their operational activities, even though these activities have the potential to damage the environment. Examples include flooding, climate change, and air pollution, all of which adversely affect natural ecosystems and human life [1] [1], [2]. This gives attention to stakeholders such as investors, government, society, and creditors to obtain a sustainability report that presents economic, social and environmental information [3].

Sustainability Report Quality indicates how effectively companies convey information about their environmental, social and governance performance to stakeholders [4]. According to Leitoniene & Sapkauskiene (2015) the main characteristics in determining Sustainability Report Quality are the relevance and reliability of information related to social, economic and environment. Sustainability Report accompanied by an assurance report from an independent party will improve the quality of the report [5], [6].

Based on BPS data 2022, the energy sector contributed 2.3 quadrillion or 12.78 percent to Indonesia's GDP in 2022. Seeing the large contribution of the energy sector to Indonesia's GDP, it is expected that the benefits are not only for the present but must also support sustainable development. In its operation, the energy sector carries out activities such as mining, processing or refining energy resource materials at the mine site. According to Garcia et al., (2017) Companies engaged in the energy sector are categorized as Environmentally Sensitive Industries (ESI). So it is expected to have high transparency regarding activities and their impact on social and environmental through Sustainability Report Quality [8].

According to data from ESG Intelligence, the number of companies in Indonesia that publish Sustainability Reports continues to increase every year. In 2005, when the Sustainability Report was first introduced, only one company reported. This number increased to 58 companies in 2018, 94 companies in 2019, and reached 140 companies in 2020. The number of companies that publish Sustainability Reports increases every year, but this increase has not been accompanied by an increase in the quality of the Sustainability Report [2]. Research by the Center for Governance Institutions and Organization at NUS Business School in 2018 examined the disclosure of Sustainability Report quality in five ASEAN countries, including Indonesia, Malaysia, Philippines, Singapore, and Thailand. The results showed that Malaysia ranked first with 64.5%, followed by Singapore in second position with 61.7%, Thailand in third position with 60.0%, the Philippines in fourth position with 56.3%, and Indonesia in the lowest rank with 53.6% (NUS, 2018).

The Asia Sustainability Reporting Rating (ASSRAT) is an event that awards organizations that successfully communicate their sustainability performance to stakeholders through quality sustainability reports. The assessment in this event is based on the

Global Reporting Initiative framework indicators (NCSR, 2023). In the ASSRAT ranking, the Platinum Rating is the highest rating and is of high quality because it has conformity in the preparation of the Sustainability Report with the GRI standards.

Picture 1. Graph of Platinum Rating Recipients in Indonesia
Source: *NCSR*

The graph above indicates that in 2019, there were seven companies that achieved the Platinum Rating. In 2020, the number dropped to two companies, while in 2021 and 2022 there were four companies each that received a Platinum Rating. This shows that the quality of Sustainability Report in Indonesia has a tendency to fluctuate every year and experience a decrease.

Shareholders are capital providers in the company, so they are one of the most important parts for the sustainability of the company [9]. Shareholders have a monitoring function for the performance of a company in decision making. Shareholders encourage companies to provide sustainability reports that disclose in detail and transparently about various company activities, including economic, social and environmental aspects. Companies that have high transparency on these three aspects can improve the company's reputation in the market [10]. Investors tend to respond positively to companies that show good performance in environmental and social terms [11]. Research that has been conducted by Fernández-Feijóo-Souto et al., (2012); Rudyanto & Siregar, (2018); Saputro et al., (2022) states that Shareholder Pressure affects Sustainability Report Quality. However, in contrast to research conducted by, Sriningsih & Wahyuningrum, (2022); Yuliandhari et al., (2022) which states that Shareholder Pressure has no effect on Sustainability Report Quality.

Assurance Report is a document prepared by an independent party to ensure that the disclosure of items in the Sustainability Report is according to applicable standards. Companies use assurance services to increase credibility, build trust, and ensure the quality of information provided [16]. In recent years, many companies have used assurance services to increase credibility, build trust, and ensure the quality of information presented in the report (Alsahali & Malagueño, 2022; [16]; Harindahyani & Agustia 2023; Alsahali & Malagueño, 2022). Research by Maroun (2019); Nasution & Adhariani, 2016) concluded that Assurance Report affects Sustainability Report Quality. However, research conducted by Michelon et al., (2015); Trihatmoko et al., (2020); Wuryan Andayani, (2018) concluded different results that have no effect between Assurance Report on Sustainability Report Quality.

Company size is a scale used to classify the size or small of a company [23]. According to [24] that large companies tend to maintain a positive assessment from the community, so that the company will view that the activities carried out are not only centered on seeking profits but are also responsible to stakeholders by carrying out activities that have an impact on the company's social and environmental. Previous research conducted by NasiruKaoje & Auwal, (2020); Fernandez-Feijoo et al., (2013) and [26] state that Company Size has a positive effect on Sustainability Report. However, different research results were revealed by Karlina et al., (2019); Septiani et al., (2018); Yohana & Suhendah, (2023) that Company Size has no effect on Sustainability Report Quality.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

1. Literature Review

a. Stakeholder Theory

Freeman (1984) states that Stakeholder Theory is a concept that explains to which parties the company is responsible. Stakeholders are parties that influence and are influenced by companies to achieve goals such as shareholders, consumers, communities, governments and other interested parties. One way to maintain relationships with stakeholders is to provide Sustainability Report Quality that informs about economic, social, and environmental performance. Through these disclosures, it is expected that the company can meet the information needs required and obtain support from stakeholders that affect the continuity of the company. This reflects the concept that the delivery of financial, social, and environmental information through sustainability reports is a dialog between the company and stakeholders [22].

b. Legitimacy Theory

According to Suchman (1995), legitimacy is the perception or assumption that the activities carried out by the company are in accordance with the norms, values and belie systems of the surrounding community. Legitimacy theory is rooted in the idea of social agreements between corporations and society. The survival and growth of a company is related to the ability to deliver the desired goals to distribute benefits in the economic, social, or political fields to the community around the company (Shafirah Pratama et al., 2022). Legitimacy theory states that companies are part of society so that in operational activities companies must pay attention to the norms that apply in society (Choiriah & Lysandra, 2023). When the company cannot embrace the values that exist in society, it can result in the company's existence not being accepted by the community, this can threaten the sustainability of a company. Therefore, it is important for a company to maintain its image and credibility in society through social and environmental responsibility, including the application of environmentally friendly accounting (Hafsyah & Choiriah, 2023). The community needs a report that provides information about the activities that have been carried out by the company in the form of social and environmental concerns, so that becomes the basis for community assessment of the suitability of company activities with existing rules in society. So that the disclosure of Sustainability Report Quality can maintain the relationship between the company and the community.

c. Sustainability Report Quality

According to the Global Report Initiative (2021) Sustainability Report Quality is a report that conveys information about economic, social, and environmental aspects based on the principles of the internationally recognized Global Reporting Initiative standard. Sustainability Report Quality is important for stakeholders to make a valid and rational assessment of an organization and to take appropriate action [30]. Sustainability Report Quality is shown based on the relevance and reliability of information disclosed from economic, social and environmental aspects and the disclosed reports are easily understood by stakeholders for sustainable long-term decision making [4]. The calculation of Sustainability Report Quality is to compare the total items disclosed by the company with the total items based on the GRI standard.

d. Shareholder Pressure

Shareholder Pressure is the distribution level of share ownership that can pressure the company through continuous supervision of the company's operations and continuity [6]. The power that shareholders have can be used to encourage companies to carry out activities in accordance with their requests [31]. The level of distribution of share ownership can affect the level of pressure from shareholders. This pressure also tends to increase as the spread of share ownership increases [13]. The calculation of Shareholder Pressure is to measure the level of ownership concentration by comparing the number of shares of the dominant shareholder to the total number of shares [13].

e. Assurance Report

According to Arens (2014), an Assurance Report is a guarantee given by an independent party to the disclosures in a report with the intention of improving the quality of the information contained in the report. Assurance Report has added value because the party providing the guarantee is independent and is considered impartial regarding the information being examined. Assurance services are required or attestation of the Sustainability Report by an independent party to ensure that the information submitted by the company fairly reflects the activities and social and environmental impacts of the company's activities. This aims to improve the quality of the Sustainability Report [19]. Assurance Report measurement in this study uses a dummy, which is to give a value of 1 for companies that have an Assurance Report statement from a consultant or auditor, and give a value of 0 for companies that do not have an Assurance Report statement from consultants and auditors [16].

f. Company Size

According to Hartono (2012 Company size (firm size) is a measure that indicates the size or size of a company, which can be measured using total assets or the value of the company's assets using the logarithmic value calculation method. Company size reflects the dimensions of the company, which can be measured through market value, capital used, total assets, to revenue earned [32]. In general, large companies tend to provide more information than small companies. Large companies often have large amounts of assets and sales, strong employee expertise, advanced information systems, diverse types of products, and complex ownership structures. These conditions allow and demand a higher level of disclosure [33]. The Company Size indicator is using the Log of Total Assets.

2. Hypothesis Development

a. The Effect of Shareholder Pressure on Sustainability Report Quality

Shareholder Pressure is the level of distribution of share ownership that can put pressure on the company by conducting continuous monitoring of the company's sustainability [6]. The pressure exerted by Shareholders is an action so that Shareholders get information about the company's activities comprehensively. Sustainability Report Quality is a sustainability report that discloses comprehensive economic, social and environmental information based on the principles of preparing the globally recognized Global Report Initiative, (2021). Pressure from shareholders can result in an increase in transparency and corporate reporting, especially in terms of Sustainability Report Quality. Research conducted by Arrokhman (2021); Chiu & Wang (2015); Hidayah et al (2021) states that Shareholder Pressure has a positive effect on Sustainability Report Quality.

b. The Effect of Assurance Report on Sustainability Report Quality

Assurance Report is a statement from an independent party that guarantees the accuracy and reliability of information submitted in a report, with the aim of improving the quality of that information [14], [35]. Many companies utilize insurance services to increase credibility, trust, and ensure the quality of information disclosed in the Sustainability Report. The Assurance Report has added value because the provider is an independent entity, so that the Assurance Report can improve Sustainability Report Quality. Research conducted by Elaigwu et al., (2022) and Nasution & Adhariani, (2016) states that the Assurance Report has a positive effect on Sustainability Report Quality.

c. Company Size Moderates the Effect of Shareholder Pressure on Sustainability Report Quality

The bigger a company is, the more and more diverse parties have an interest in it. Therefore, large companies are more vulnerable to negative judgments from society (Rohman, 2019). Legitimacy theory states that companies must carry out their operational activities in accordance with the norms adopted by society in order to be accepted. Support from shareholders has great significance for the survival of a company. In accordance with the principles of legitimacy theory, companies will tend to carry out activities that are accepted and supported by shareholders. This is because the support of shareholders is one of the key aspects for the continuity of company operations. The wider the distribution of share ownership in a company, the higher the pressure from shareholders (Shareholder Pressure), especially in terms of expecting an informative sustainability report on company activities (Rudyanto & Siregar, 2018).

d. Company Size Moderates the Effect of Assurance Report on Sustainability Report Quality

The larger the company, the more numerous and diverse the stakeholders involved, so that the company becomes vulnerable to negative issues that arise in the public. One important factor in ensuring the reliability of the Sustainability Report is through an external guarantee called an Assurance Report. Assurance Report is a guarantee from an independent party to the truth of the disclosure in the report, aiming to improve the quality of information contained in the report. Sustainability Report Quality presents information on the economic, social and environmental information of a company by preparing using the Global standard, which is GRI. Assurance Report from an independent party is needed to increase the credibility of the information disclosed with existing standards [16]. The bigger a company is, the more information it will disclose. The more information that is disclosed, it must be ensured that the information presented is correct with the applicable standards through the Assurance Report. So that the greater the size of a company can increase the influence of the Assurance Report on Sustainability Report Quality.

HYPOTHESIS

H1: Shareholder Pressure has a positive effect on Sustainability Report Quality
H2: Assurance Report has a positive effect on Sustainability Report Quality
H3: Company size moderates Shareholder Pressure on Sustainability Report Quality
H4: Company Size moderates Assurance Report on Sustainability Report Quality

III. RESEARCH METHODS

The subject of this research is the factors that influence Sustainability Report Quality, namely, Shareholder Pressure and Assurance Report and moderation of Company Size in energy sector companies listed on the Indonesia Stock Exchange in 2018-2022.

a. Populasi dan Sampel

The population that is the subject of this research is companies in the energy sector listed on the Indonesia Stock Exchange during the 2018-2022 period. The samples used in this study are energy companies that consistently publish sustainability reports from 2018 to 2022. The sample selection in this study used a purposive sampling method to ensure that the samples taken reflected the predetermined criteria. Some of the criteria considered include, there are 75 energy sector companies listed on the IDX in 2018-2022, of which 54 companies did not report Sustainability Report during that period. The total sample used was 21 companies. With a research period of 5 years, the number of data observations reached 105.

b. Data Analysis Method

The analysis in this study uses panel data which is a combination of time-series data and cross-section data. There are two types of panel data, which are balance panel data and unbalance panel data, balance panel data is a situation where cross-sectional units have the same number of time series observations. Meanwhile, unbalanced panel data is a situation where cross-sectional units have an unequal number of time series observations. In this study using balance panel data.

IV. RESULTS AND DISCUSSION

a. Descriptive Statistics Test Results

Descriptive statistics test is used to determine the results of the minimum, maximum, average and standard deviation values of each variable. The following descriptive analysis is obtained.

Table 4.1. Descriptive Statistics Test Results

	Y	X1	X2	Z
Mean	50.48906	67.22493	0.761905	30.11601
Median	43.24324	65.14335	1.000000	30.13608
Maximum	93.91892	100.0000	1.000000	32.76456
Minimum	27.02703	21.75793	0.000000	26.96941
Std. Dev.	18.40912	21.38148	0.427960	1.448364
Skewness	0.809756	-0.206213	-1.229837	-0.391632
Kurtosis	2.468060	2.310284	2.512500	2.505502
Jarque-Bera	12.71278	2.825389	27.50850	3.753886
Probability	0.001736	0.243486	0.000001	0.153057
Sum	5301.351	7058.618	80.00000	3162.181
Sum Sq. Dev.	35245.16	47545.45	19.04762	218.1669
Observations	105	105	105	105

1. Based on figure 4.1. above, it can be seen that the Sustainability Report Quality (Y) variable has a minimum value of 27.02703 or 27% indicated by PSSI in 2018, it means that the disclosure of economic, social and environmental information carried out is still low. The maximum value of 93.91892 or 98.9% is shown by ABMM in 2022, which means that it discloses economic, social and environmental information well in accordance with GRI standards. The average value of 50.48906 or 50.4% indicates that the average disclosure of Sustainability Report Quality in the Energy sector in Indonesia is still low. The low disclosure of Sustainability Report Quality in the Energy sector in Indonesia so that it is necessary to provide a minimum limit on the items disclosed. Disclosure that can be categorized as high is 70% [4]. The standard deviation value of Sustainability Report Quality in this study is 18.40912 or 18.4%.
2. The Shareholder Pressure (X1) variable have a minimum value of 21.75793 or 21.7%, a maximum value of 100.0000 or 100%, an average value of 67.22493 or 67.2%, meaning a situation where most of the shares are owned by a small number of individuals or groups so that these shareholders have a relatively dominant number of shares to increase company monitoring. The standard deviation value is 21.38148 or 21.3%.
3. The Assurance Report variable (X2) have a minimum value of 0.0000000, a maximum value of 1.0000000, an average value of 0.761905 or 76.1%, meaning that not all companies in this study used Independent Assurance Services to issue an Assurance Report regarding the suitability of the presentation of the Sustainability Report with the GRI Standards. The standard deviation value is 0.427960 or 42.7%.
4. The Company Size variable (Z) have a minimum value of 26.96941, a maximum value of 32.76456, an average of 30.11601 meaning that the higher the size of the company each year, it means that the greater the company's efforts and ability to maintain its company and a standard deviation of 1.448364.

b. Hypothesis Test Results

1. Partial Significance Test (t test)

This test is conducted to determine whether the independent variable has a significant influence on the dependent variable. If the significance level is less than 0.05, the null hypothesis (H0) is accepted; however, if the significance level is greater than 0.05, the null hypothesis (H0) is rejected.

Table 4.2 Results of the t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.663214	0.110608	-5.996074	0.0000
X1	0.153640	0.769989	1.995353	0.0493
X2	0.019317	0.144814	0.133391	0.8942

Based on the results of the t test that has been carried out, the following results can be obtained:

a. Shareholder Pressure has a probability value of 0.0493. This value shows that it is smaller than 0.05 with a positive regression coefficient. This means that Shareholder Pressure has a positive effect on Sustainability Report Quality. **H1 Accepted**

b. Assurance Report has a probability value of 0.8942. This value shows that it is greater than 0.05 with a positive regression coefficient. So this shows that the Assurance Report has no effect on Sustainability Report Quality. **H2 Rejected**

2. Interaction Test or Moderating Regression Analysis (MRA) Moderating Variable Test Results 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.672743	1.635421	-3.468675	0.0008
X1	5601442.	10554212	0.530730	0.5971
Z	0.205292	0.053878	3.810330	0.0003
X1Z	-193394.2	352606.3	-0.548470	0.5849

Test Results of Moderating Variable 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.413226	2.011759	-2.193715	0.0311
X2	-2.193515	2.275507	-0.963967	0.3379
Z	0.162113	0.067761	2.392411	0.0191
X2Z	0.074179	0.077283	0.959832	0.3400

c. Based on the test results that have been carried out, the results of the moderation variable test, the interaction variable between Shareholder Pressure (X1) with the moderation variable Company Size (Z) has a probability value of 0.5849> 0.05, which means that from the test results the Company Size Moderation Variable weakens the relationship between Shareholder Pressure and Sustainability Report Quality. **H3 Rejected**

d. Based on the test results that have been carried out, the results of the moderation variable test, the interaction variable between the Assurance Report (X2) and the moderation variable Company Size (Z) produces a probability value of 0.3400> 0.05, meaning that the Company Size Moderation Variable weakens the relationship between Assurance Report and Sustainability Report Quality. **H4 Rejected**

DISCUSSION OF RESEARCH RESULTS

a. The Effect of Shareholder Pressure on Sustainability Report Quality

Based on the t statistical test on the Shareholder Pressure variable, the probability value is 0.0493, which is smaller than 0.05. indicating that Shareholder Pressure has a positive effect on Sustainability Report Quality. In 2015, Ernst & Young (EY) conducted research through the Global Investor Survey and found that investors felt that the company's financial statements did not provide adequate information. So that shareholders encourage companies to improve Sustainability Report Quality which is one of the most important factors for investors as a basis for making decisions (Yudhanti & Listianto, 2021).

The findings of this study confirm the principles contained in stakeholder theory. This theory emphasizes that shareholders have the right to obtain information from the company, both related to financial and non-financial aspects (Sriningsih & Wahyuningrum, 2022). Because the report is one of the factors considered in the decision-making process, shareholders encourage companies to produce high-quality Sustainability Reports, which include company performance in economic, social, and environmental aspects (Hamudiana & Achmad, 2017). Based on the results above, this study is in line with research conducted by (Fadhilah et al., 2022;

Damanik, 2017); (Wang & Chiu, 2014); Alfaiz & Aryati, 2019; Arrokhman, 2021) which states that Shareholder Pressure has a positive effect on Sustainability Report Quality. But not in line with research conducted by Yuliandhari et al. (2022) and Lulu (2021) which concluded that Shareholder Pressure has no effect on Sustainability Report Quality.

b. Effect of Assurance Report on Sustainability Report Quality

Based on the t statistical test on the Assurance Report variable, the probability value is 0.8942, which means greater than 0.05. indicating that Shareholder Pressure has no effect on Sustainability Report Quality. There is a tendency for companies to use a symbolic approach in using assurance services. Although a company can be categorized as a large company, it is not uncommon for companies that use a symbolic approach to aim for a positive image from stakeholders through Assurance Services by creating an image that the company follows the development of international reporting practices. Assurance services are limited to improving stakeholder perceptions rather than improving the quality of information disclosed in reports. Although the use of assurance statements is increasing, there is still much ambiguity regarding, for example, their purpose, scope and procedures. Therefore, as this research suggests, the assurance report has not succeeded in becoming a necessary balancing force for stakeholder accountability (Michelon et al., 2015).

Most companies in Indonesia rarely use assurance reports in their sustainability reports because there are no regulations or standards that require their use. This obstacle is related to the high cost and time required in the process of making an Assurance Report, so many companies do not consider it a priority in an effort to improve the quality of sustainability report disclosures. The results of this study are consistent with the research of Trihatmoko et al. (2020); Michelon et al., (2015) and Wuryan Andayani (2018) who concluded that the Assurance Report has no effect on Sustainability Report Quality. However, the results of this study were different from research conducted by Elaigwu et al. (2022) and Nasution & Adhariani (2016) which state that the Assurance Report has a positive effect on Sustainability Report Quality.

c. Company size moderates Shareholder Pressure on Sustainability Report Quality.

Based on the results of the Moderating Regression Analysis (MRA) test, the interaction between the Shareholder Pressure variable and Company Size on Sustainability Report Quality shows a value of 0.5849 where this value is greater than 0.05. This means that company size weakens the relationship between Shareholder Pressure and Sustainability Report Quality. This explains that large company size does not always encourage shareholders to pay more attention to social and environmental aspects. Large companies often choose to withhold information that is considered relevant in order to avoid political costs associated with legal and tax regulations, as well as pressure to fulfill social responsibilities. So that management tends to provide limited report disclosure (Aliniar & Wahyuni, 2017).

d. Company size moderates the Assurance Report on Sustainability Report Quality.

Based on the results of the Moderating Regression Analysis (MRA) test, the interaction between the Assurance Report variable and Company Size on Sustainability Report Quality shows a value of 0.3400 where this value is greater than 0.05. This means that company size weakens the relationship between Assurance Report and Sustainability Report Quality. This explains that the larger the size of a company is not a guarantee that the Assurance Report issued by Independent Assurance will improve Sustainability Report Quality. This is because there is a tendency for companies to use a symbolic approach in using assurance services. Companies that use a symbolic approach tend to aim for a positive image from stakeholders through assurance services by creating an image that the company follows the development of international reporting practices. Assurance services focus more on improving stakeholder perceptions than on improving the quality of information conveyed in the report (Michelon et al., 2015).

V. CONCLUSIONS AND SUGGESTIONS

1. Conclusions

From the formulation of the problem, hypothesis testing, and the results of the previous discussion, it can be concluded that:

a. Shareholder Pressure has a positive effect on Sustainabiltiy Report Quality. The findings of this study confirm that stakeholders, including shareholders, have the right to obtain information from companies, both related to financial and non-financial aspects through Sustainability Report Quality.

b. Assurance Report has no effect on Sustainability Report Quality. There is a tendency for companies to use a symbolic approach in using assurance services. It is not uncommon for companies that use a symbolic approach to aim for a positive image from stakeholders through Assurance Services by creating an image that the company follows the development of international reporting practices.

c. Company size cannot moderate the effect of Shareholder Pressure on Sustainability Report Quality. This shows that the bigger a company is, it does not always encourage shareholders to pay more attention to social and environmental aspects. Large companies tend to withhold information that is considered relevant to avoid political costs associated with legal and tax regulations, as well as pressure to fulfill social responsibility.

d. Company size cannot moderate the effect of Assurance Report on Sustainability Report Quality. This explains that the larger the size of a company is not a guarantee that the Assurance Report issued by Independent Assurance will improve Sustainability Report Quality. This is because there is a tendency for companies to use a symbolic approach in using assurance services. Companies that use a symbolic approach tend to aim for a positive image from stakeholders through assurance services by creating an image that the company follows the development of international reporting practices.

2. Suggestions

1. For Future Researchers

a. For future research, it is expected to use other variables that are relevant and have the potential to influence the improvement of Sustainability Report Quality.

b. The measurement of Sustainability Report Quality in this study uses a score of 0 and 1, which is 0 for companies that do not disclose the indicator in question, 1 for companies that make disclosures. Future research is expected to pay attention to whether each disclosure is accompanied by narrative and data, so that it can use different assessments so that the quality of the Sustainability Report is more visible.

2. For Practitioner

a. The Government is expected to integrate reporting obligations in Financial Regulations. The government may consider integrating sustainability reporting obligations in existing financial regulations. This could include requirements to report sustainability information in annual financial reports or include sustainability metrics in the audit process.

b. Companies are expected to report their Sustainability Report in accordance with international standards such as the Global Reporting Initiative (GRI). This will facilitate comparisons between sustainability reports between companies and make it easier to measure company progress over time.

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