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SUSTAINABILITY REPORTING: STAKEHOLDER PRESSURE AND BOARD COMPOSITION INFLUENCE

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Abstract: *This research examines how stakeholder pressure and board characteristics influence the quality of sustainability reporting among Indonesian firms listed on the Indonesia Stock Exchange between 2016 and 2020. Through an analysis of 32 companies over a five-year period, we utilize linear regression to explore the relationships among board size, board education, shareholder pressure, creditor pressure, and sustainability report quality. Our findings suggest that while board size has no significant impact on sustainability reporting quality, board education plays a positive and significant role, aligning with upper echelons theory. Additionally, shareholder pressure is positively associated with report quality, indicating investor interest in nonfinancial disclosures. Conversely, creditor pressure does not significantly affect report quality, suggesting a focus on debt repayment over CSR disclosures. These findings underscore the importance of knowledgeable board leadership and stakeholder engagement in driving high-quality sustainability reporting, offering insights for further research into industry-specific dynamics and board composition characteristics.*

Keywords: Board Characteristics, Shareholder Pressure, Stakeholder Pressure, Sustainability Report Quality

INTRODUCTION

The company is an organization that was founded with the aim of making a profit. However, companies must prioritize three aspects simultaneously. Elkington (1994) states that sustainable companies must pay attention to three aspects, namely, profit (Profit), the welfare of the community and company employees (People), preserving the environment and maintaining environmental conditions (Planet). However, today, there are still many companies that only prioritize profits and ignore people and the environment in Indonesia. Banerjee (2004) argued that for most business firms, sustainability means that something is sustainable only if it is profitable. On the other hand, as a framework, corporate governance is concerned with ensuring that companies consider and balance the interests of various stakeholders, including society and the environment (Jamali, D., Safieddine, A. M., & Rabbath, M., 2008). Corporate governance involves managing relationships with stakeholders and addressing their interests to ensure ethical and responsible decision-making (Mrabure, K. O., & Abhulimhen-Iyoha, A. 2020). The corporate governance literature often highlights the importance of an effective and diverse board in ensuring responsible management and decision-making (Rao, K., & Tilt, C. 2016). Institutional ownership can play a role in improving corporate governance and reducing earnings management practices (Winarta et. al. 2021).

According to the results of a company assessment conducted by the Ministry of Environment and Forestry, 303 companies in Indonesia have a red rating, and 2 companies have a black rating. According to standards published by the Ministry of Environment and Forestry, a red rating indicates that the company has poor environmental performance, and a black rating indicates that the company has very poor performance. The WALHI (Indonesian Forum for the Environment) survey also revealed that companies are a major factor in environmental damage. These problems show that companies still do not care about the community or the environment, so these problems will cause concern for stakeholders. The company's social and environmental performance cannot be seen through financial reports alone, but a company self-published report is needed, namely, a sustainability report. A sustainability report is a report issued by a company that contains information about the results of the company's social and environmental performance. The disclosure of corporate sustainability reports is a process of communicating the social and environmental impacts of companies' economic activities on society (Darwinsyah, 2018). Previous studies have identified corporate social responsibility and sustainability as a form of corporate ethics (Finch, 2005, Rudyanto and Pirzada 2021 and Rudyanto and Siregar 2018). The disclosure of sustainability reports is important for the environment and society. This report can give the public an impression of how much the company cares about the environment and society, and at this time, the company's concern for the environment is what Indonesia needs at this time. This report is made by the company voluntarily and is not mandatory, because the regulations in Indonesia have not stated that companies are obliged to publish this report and that not all companies make this report. This regulation causes low disclosure of sustainability reports in Indonesia (Rudyanto and Siregar 2018 and Theodorus and Rudyanto 2022). According to (Hu & Loh, 2018), among the five ASEAN countries, Indonesia is the lowest publisher of sustainability reports. To date, the number of sustainability report publications has not greatly increased. A report from the International Business Report 2021 issued by Grant Thornton states that only 42% of companies consider sustainability to be able to increase efficiency and reduce costs so that business benefits are felt. The report published by Pwc stated that as many as 38% of corporate boards in Indonesia are concerned with climate change, and only 22% take this issue into account in their risk management and consider it in the company's activities. Throughout 2016–2020, the number of public companies listed on the Indonesia Stock Exchange with the issuance of a standalone sustainability report (separate from the annual report) did not significantly increase. The number of these companies was only 6% in 2016, 9% in 2017, 8.7% in 2018, 8.5% in 2019, and 6% in 2020 of all companies listed on the IDX. Based on this analysis, in 2020, there was a decrease in the disclosure of sustainability reports in Indonesia after an increase in the disclosure of sustainability reports for 4 years.

The quality of Indonesia's Sustainability Report at the Asian Level (Asia Assessment of Sustainability Reports (ASRRAT)) was generated by the National Sustainability Reporting Center (NCSR). Corporate sustainability is divided into four domains: platinum, gold, silver, and bronze. Only 5 out of 44 are known to Indonesia to participate in the ASRRAT 2020 and achieved a platinum rating, or the highest rank achieved in short, Create a sustainability report that complies with GRI standards Verified or audited by KAP, 2016. As many as 32 Indonesian companies are rated as gold, 3 companies are rated as gold silver rating, and Bronze Rating 4 companies. This means that the existence of this phenomenon shows that the quality of disclosure of sustainability reports in Indonesia is still considered low.

Based on these problems, it can be estimated that there are factors that affect a company's performance, such as stakeholders, that affect its sustainability reports. According to (Fernandez-Feijoo, Romero, & Ruiz, 2014, and Rudyanto and Siregar 2018), stakeholders are important factors in the disclosure of sustainability reports because stakeholders are parties who can make the company run. A company faces pressure from stakeholders who are different from those of other companies depending on the industry classification; even so, pressure from stakeholders of each classification can improve the quality of sustainability reporting (Fernandez-Feijoo, Romero, & Ruiz, 2014). (Buysse & Verbeke, 2002) categorizes stakeholders into four categories, namely, internal primary stakeholders, external primary stakeholders (investors & employees), secondary stakeholders (industries close to consumers, environmentally sensitive industries & creditors), and regulatory stakeholders (media exposure & audits). According to Fernandez-Feijoo, Romero, & Ruiz (2014), investors or shareholders have the greatest influence on the quality of sustainability reporting in all company sectors. Shareholders are one of the factors that can help a company achieve large profits. The influence exerted by shareholders depends on the level of distribution of the company's shares. The greater the level of share spread, the greater the pressure given by shareholders to the company (Rudyanto & Siregar, 2018).

One of the external primary stakeholders prioritized by many companies is creditors. Creditors are parties that provide loans to companies. A company's ability to pay debts to creditors will put pressure on the company, so that it will affect the company's decisions and the quality of the sustainability report. According to (Lu & Abeysekera, 2014), creditors, as providers of loan capital, are strong stakeholders who can influence activities and disclosures. However, according to (Lulu, 2020), creditors do not affect the quality of sustainability reports because creditors are not concerned with the contents of the report but only care about the existence of a debt payment guarantee. Factors that affect the quality of sustainability reports come not only from outside the company (stakeholders) but also from within the company (board characteristics). The characteristics of the board are the diversity that exists in corporate governance. According to (Parkinson, 1994), corporate governance is a process of supervision and control with the aim of ensuring that the company's management acts in accordance with the interests of shareholders. According to (Tapver, 2019), good corporate governance is governance that involves a large company's board composition or size.

The size of the board can certainly influence the quality of the sustainability report. However, a larger company's board will not necessarily produce a quality sustainability report. Each board in the company must have certain characteristics. According to (Fatimah, 2019), the characteristics of the company's board are divided into six categories, namely, size, gender, age, education, tenure and minority. (Barney, 1991) states that education is the most important factor in running a company because education is a resource that is difficult to imitate, so companies need to have a board of certain education.

Based on these problems, researchers are interested in examining the quality of sustainability reports in Indonesia. To examine which factors affect the quality of sustainability reports, the researcher decided to use stakeholder pressure and board characteristics. This study aims to address several points:

(i) Do Board Background Economic Education Has a Positive Effect on the Disclosure of Sustainability Reports?

(ii) Do Shareholder Pressures Positively Affect the Quality of Sustainability Reports?

(iii) Do Creditors Pressures Positively Affect the Quality of Sustainability Reports?

In this study, researchers use companies listed on the IDX. This study uses data from annual reports and sustainability reports published from 2016 – 2020. This study uses all companies listed on the IDX except the financial sector because it is important for all companies to report their social responsibility regardless of which particular sector is prioritized. The financial sector was not selected because companies in the financial sector are classified as regulated industries and have different financial statements than nonfinancial companies.

The novelty of this study builds upon existing research by Rudyanto & Siregar (2018). The novelty of this study lies in its focus on two aspects. First, Focus on Specific Stakeholder Pressure, the Previous Study: was examines general stakeholder pressure. In this study, it focuses on differentiating the influence of shareholder and creditor pressure on sustainability reporting. This distinction is novel because it explores how these two specific stakeholder groups might have different effects on report quality. The second is deep Dive into Board Characteristics. In the Previous Study: Looks at broad corporate governance. And in this Study, the aim is to zooms in on specific board member characteristics, particularly their economic education background. This is novel because it analyzes how the board's specific educational expertise might influence the quality of sustainability reporting, going beyond just board size or composition.

In essence, this study refines the existing research by differentiating stakeholder pressures and delving deeper into the specific characteristics of the board. It provides a more nuanced understanding of how external and internal factors impact sustainability reporting practices.

Sustainability reports, which are vital components of corporate communication, provide stakeholders with information on economic, environmental, and social performance. The quality of sustainability reports depends on the accuracy and comprehensiveness of the CSR information provided, reflecting a company's commitment to sustainable growth (Elkington, 1994 and Leitoniene & Sapkauskiene, 2015). Board characteristics, which are integral to corporate governance, play a crucial role in organizational decision-making. Factors such as board size and education influence governance dynamics, potentially affecting sustainability reporting practices (Minister of State-Owned Enterprises Decree, 2002; Finkelstein, Hambrick, & Cannella, 2009; and Wallace & Cooke, 1990). Creditor pressure, emanating from stakeholders providing financial resources to companies, may influence sustainability reporting practices. While some studies suggest a positive impact of creditor pressure on sustainability reporting quality (Huang & Kung, 2010), others find no significant influence (Lulu, 2020; Sriningsih & Sri Wahyuningrum, 2021).

Stakeholder theory emphasizes the importance of maintaining favorable relationships with various groups that are influenced by an organization's goals. This theory highlights the significance of stakeholders such as shareholders, investors, creditors, and communities, emphasizing their impact on corporate performance and the necessity of satisfying their expectations (Freeman & McVea, 2001 and Lamont, 2004). Moreover, shareholder pressure, a facet of stakeholder theory, underscores shareholders' ability to influence company decisions, particularly regarding sustainability reporting. While some studies argue that controlling shareholders can enhance sustainability report quality through pressure and access to information (Choi, 2019 and Rudyanto & Siregar, 2018), contradictory findings suggest otherwise (Sari, 2017). Legitimacy theory suggests that companies strive to meet societal expectations, fostering legitimacy and public recognition. This theory emphasizes the importance of environmental disclosures in annual reports to maintain societal approval and trust (Belkaoui, 2006 and Tilling, 2004). Agency theory delves into the principal-agent relationship within companies, highlighting potential conflicts and costs associated with management decisions. These costs may incentivize transparent reporting, including sustainability disclosures, to mitigate information asymmetry and align interests between principals and agents (Jensen & Meckling, 1976 and Rahmawati, Suparno, & Qomariyah, 2007). Upper echelons theory posits that top management characteristics influence firm outcomes, including corporate social responsibility initiatives. Management backgrounds, including education and experience, shape decision-making processes and may impact sustainability reporting (Hambrick & Mason, 1984 and Hooghiemstra, 2000).

Kristiawan et al. (2022) explored the effects of CEO traits and ownership on CSR reporting. Only a CEO's practical experience matters, not background or demographics. Surprisingly, ownership concentration did not affect this. Limitations include not distinguishing ownership types (family vs company) and using only one CSR measurement standard. Future research should address these issues.

The literature review highlights the interplay between stakeholder theory, shareholder pressure, legitimacy theory, agency theory, upper echelons theory, and sustainability reporting practices within organizations. Stakeholder theory underscores the importance of maintaining relationships with various stakeholders, while shareholder pressure and legitimacy theory emphasize their impact on sustainability reporting. Agency theory sheds light on the principal-agent relationship and its influence on reporting practices, while upper echelons theory focuses on the role of top management. Sustainability reports serve as crucial communication tools, reflecting a company's commitment to sustainable practices. Board characteristics, including size and education, and creditor pressure further shape reporting practices. The research questions delve into the influence of board background, shareholder pressure, and creditor pressure on sustainability reporting quality.

METHOD

The population of this study included companies from all sectors listed on the Indonesia Stock Exchange (IDX) in 2016–2020. There are 789 companies that publish sustainability reports from all sectors. There are 757 companies for which data such as the consistency of sustainability reports, data on boards of directors and complete data on stakeholders were not available. The study is on general data, it doesn't disclose information about the specific industry breakdown (manufacturing, financial, energy) of the companies included in the study. It focuses on the overall sample without delving into industry details. With respect to the sustainability report data, this research investigates the quality of sustainability reports. To assess this quality, the study focuses on how well a company's report adheres to two specific standards: the GRI G4 and GRI Standards issued by the NCSR. This research examines the quality of sustainability reports based on established reporting standards. The quality is measured by calculating a score based on how many indicators from the GRI G4 (91 indicators) and GRI Standards (77 indicators) are addressed in the company's report. The score, called SRQUAL, is obtained by dividing the total number of reported indicators by the total number of indicators in the specific standard being used (either 91 for GRI G4 or 77 for GRI Standards). In simpler terms, the research checks how many sustainability reporting guidelines a company follows in its report and uses that information to create a quality score.

Table 1. Total Sample

No	Criteria	Data
1	Total of Companies listed on IDX in 2016-2020	789
2	Total of Companies that does not have the necessary data for research qualifications	757
	Total sample in this research	32

To obtain companies with complete data, the researchers used nonprobability sampling in this study. Nonprobability sampling is a sampling method in which special characteristics are determined according to the needs of researchers. There are 32 companies that have complete data for 5 years. Independent variables are variables that affect dependent variables both positively and negatively. In accordance with the regression model described above, the following is an explanation of the three independent variable elements used in this study:

Quality Sustainability Report

The quality of sustainability reports is the dependent variable in this study. The quality of a company's sustainability report can be measured by the GRIG4 and GRI standards issued by the NCSR. This study used the analytical technique carried out by Sriningsih & Sri Wahyuningrum (2021) to sum the total score expressed as the expected total score. This study uses two standards, namely, GRI G4 (91 Indicators) and GRI Standards (77 Indicators). For variable data collection, the data are taken from sustainability reports published by companies in the GRI Index section. The Sustainability Report Quality is calculated by giving a score of 1 if one item is disclosed and 0 if the item is not disclosed. The calculation formula is as follows:

SRQUAL (GRI G4) = Total score disclosed/91
SRQUAL (GRI Standards) = Total score disclosed/77

Board Size

Board size is the number of members of the board of commissioners and board of directors in a company. The size of the board of directors and commissioners will influence the decisions made by the company. This variable can be calculated by the board of directors plus the board of commissioners.

BSIZE = Number of Board of Commissioners + Number of Board of Directors

Board Education

The higher the education level of the board is, the more diverse the decisions made for the company. According to Fernandez-Feijoo, Romero, & Ruiz (2014), the educational background of a company's board of directors can have a significant impact on a company's behavior and results. The level of the Management Board and Economics Education can influence decisions regarding a company's future performance. This variable is measured by the formula used by Katmon (2017) which uses the Blau index on the proportion of company boards in each category of educational background such as accounting, banking and finance, business management, economics, and others. For variable data retrieval, the data are taken from the annual report published by the company in the profiles of directors and commissioners.

BEDU = Total economic educated board/Total company board

Stakeholder Pressure

Shareholders are individuals, companies, or institutions that own at least one authorized share issued by the company. Shareholders who own many shares of a company have voting rights in the company. This can put pressure on the company. In this study, shareholder pressure is measured by the concentration of ownership structure. The shareholder pressure variable (X2) is measured in the same way as in Lulu's study (2020), namely, the concentration ratio is based on the ratio of the number of shares owned by the parent company or dominant shareholder to the total number of shares. For variable data retrieval, the data are taken from the annual report issued by the company in the shareholder summary or share ownership structure. Its formula is as follows.

SHARE = shares owned by the parent or dominant company/total shares

Creditor Pressure

Creditors are parties or individuals, organizations, companies or governments that provide loans to other parties for goods or services that have been provided in which there is an agreement whereby the party applying for the loan will repay the same amount. According to (Lu & Abeysekera, 2014), lenders and creditors are powerful stakeholders who can influence activities and disclosures. This study uses an analysis technique conducted by (Lu & Abeysekera, 2014) using the DAR formula or the debt-to-asset ratio, where the company's total liabilities are divided by the company's total assets. For variable data retrieval, the data are taken from the annual report issued by the company in the financial statements section of the consolidated statement of financial position. The formula for calculating variables is as follows.

CREDIT = Total liabilities/Total assets

RESULTS

The study examines the factors influencing the quality of sustainability reporting in Indonesia. It focuses on two novel aspects: stakeholder pressure (differentiating shareholder and creditor influence) and board characteristics (focusing on economic education). Descriptive statistics reveal average sustainability report quality at 32%, indicating room for improvement. Further analysis will explore how these factors interact to impact reporting practices. Descriptive Statistic. Descriptive statistics were used to describe each variable in the study. The results of the analysis can be seen in the mean, standard deviation, maximum value, and minimum value of the research data. All variables in the study were included in this test. The result can be seen in table 2.

Table 2. Statistic Descriptive Test

	N	Minimum	Maximum	Mean	Std. Deviation
Board Size (X1)	142	0.1111	19	13.32	2.877
Board Education (X2)	142	0.3353	0.8888	0.54240	0.1702590
Shareholder Pressure (X3)	142	0.0628	0.8510	0.595335	0.1133048
Creditor Pressure (X4)	142	0.0769	1.1801	0.558311	0.2557225
Sustainability Report Quality (Y)	142		0.75252	0.328256	0.1389480
Valid N (listwise)					

Based on Table 2, the following results can be obtained:

1. Sustainability Report Quality

It can be seen in Table 4.2 that the average value of Sustainability Report Quality is 32%. This indicates that companies still have a low performance in economic, social, and environmental aspects. The maximum value in Table 4.2 is 75%. This also shows that no company has complete performance according to GRI standards.

2. Board Size

It can be seen in Table 4.2 that the average value of Board Size in a company is 13.04. This indicates that the average number of board members in a company is 13 people. According to Rudiyanto (2018), an effective company is a company that has 3 to 6 board members. So it can be said that all companies with an average board membership of 13 people are effective companies.

3. Board Education

It can be seen in Table 4.2 that the average value of Board Education in a company is 50%. This indicates that the average number of company board members with high education is 50%. This also shows that the number of board members who have education above S1 is still equal to those who have postgraduate education.

4. Shareholder Pressure

It can be seen in Table 2 that the average value of Shareholder Power in all samples is 62%. This indicates that 62% of companies have shares held by a parent company or are not held by the public.

5. Creditor Pressure

It can be seen in Table 4.2 that the average value of Creditor Pressure in all samples is 57%. This indicates that the majority of sample companies already have liabilities lower than assets.

Overall, the descriptive statistics provide a general overview of the data and help to understand the distribution of the variables. This information can be used to inform further analysis and to draw conclusions about the relationships between the variables.

Classical Assumption Test Result

Normality Test

This test was conducted to determine whether the data input into the SPSS program is normal or not. For normality, the One Sample Kolmogorov Smirnov Test is used, where the Asymp. Sig. result must be greater than 0.05. Normal data can be used for further analysis in multiple linear regression analysis. It can be seen in Table 4.3.1 that the Asymp. Sig. (2-tailed) result is 0.090, which is greater than 0.05 and can be said to be normal.

Multicollinearity Test

In this study, the Multicollinearity test needs to be carried out to determine whether there is a correlation between variables or not. This test is included in the regression test and must be carried out before starting the logistic regression test. The results of the Multicollinearity test can be said to be good if the Tolerance value is more than 0.01 and the VIF value is less than 10. The following are the results of the multicollinearity test from this study:

It can be seen in Table 3 that all variables in the study have a Tolerance value greater than 0.01 table. and a VIF value less than 10. These test results indicate that there is no correlation between variables 0that can cause problems. So it can be concluded that the variables in this study have a model that does not have multicollinearity between the independent variables.

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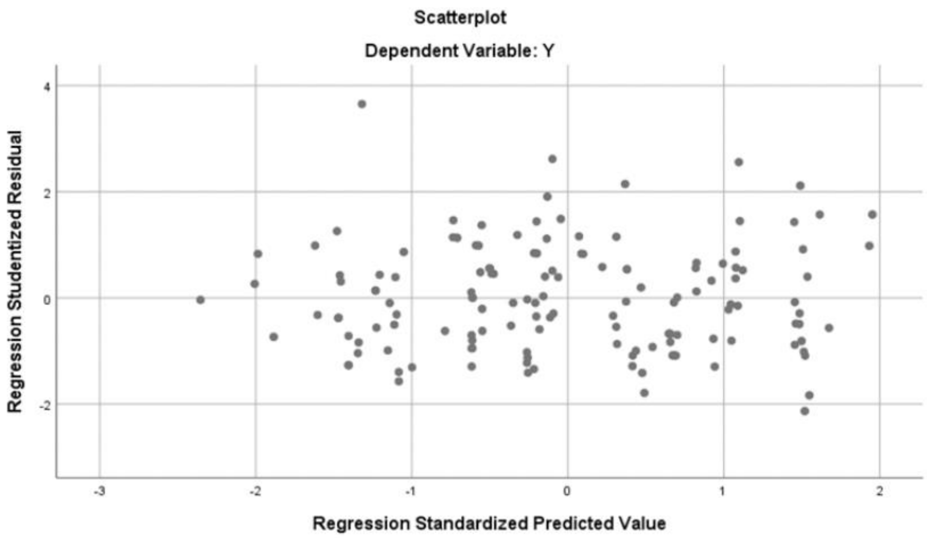
Table 3. Multicollinearity Test

Model		Collinearity Statistic	
		Tolerance	VIF
1	Board Size (X1)	0.620	1.613
2	Board Education (X2)	0.626	1.596
3	Shareholder Pressure (X3)	0.963	1.038
4	Creditor Pressure (X4)	0.772	1.295

source: spss 25

Table 4. Heteroscedasticity test: Scatter Plot



source: spss 25

Table 5, Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.354	0.125	0.100	0.1318524	2.208

source: spss 25

Heteroscedasticity Test

This test was conducted to determine whether the regression model has an inequality of variance from one observation residual to another observation. This test is done using the Scatter plot graph. According to Ghozali (2018), a good regression model is a model that does not have heteroscedasticity.

It can be seen in Figure 4.3.3 that the dots are randomly spread, and are spread both above and below the number 0 (zero) on the Y axis. So it can be concluded that the results of this test do not show symptoms of heteroscedasticity. To be more sure, the researcher decided to use the Gletser test to find definite results. The Gletser test is done to regress the absolute value of the residual against the independent variable. The results of this test can be said to be significant if the significance value is greater than 5%. Here is a table of the results of the Gletser test:

It can be seen in Table 4 that the sig value in the table already has a value above 0.05. These results state that this test does not show heteroscedasticity.

Autocorrelation Test

This test is conducted to see if there is a correlation between one period and the previous period. This analysis is used to see if there is an influence between the independent and dependent variables. For that, there should be no correlation between observations with previous observation data. This test uses the Durbin-Watson test to determine whether there is a correlation or not. The test can be said to have no autocorrelation if D-W<dU or 4-dU.

It can be seen in Table 5 that the results of this test have a D-W value of 2.208.

By accessing the Durbin Watson table and looking for a number according to the research sample, namely 4 X variables and a total of 142 samples, the value dU = 2.216 can be found. So it can be concluded that the results of this test do not show autocorrelation because D-W is greater than dU.

Multiple Linear Regression Analysis

Regression Equation:

SRQUAL = 0.097 - 0.012BSIZE + 0.322BEDU + 0.376SHARE - 0.022CREDIT

Key:

- SRQUAL = Sustainability Report Quality
- BSIZE = Board Size
- BEDU = Board Education
- SHARE = Shareholder Pressure
- CREDIT = Creditor Pressure

Interpretation:

1. **Board Size (BSIZE):** A negative coefficient (-0.012) indicates a negative relationship between board size and sustainability report quality. This suggests that as the number of board members increases, the quality of sustainability reporting tends to decrease.
2. **Board Education (BEDU):** A positive coefficient (0.322) indicates a positive relationship between board education and sustainability report quality. This implies that companies with a higher proportion of board members with business education tend to produce higher quality sustainability reports.
3. **Shareholder Pressure (SHARE):** A positive coefficient (0.376) indicates a positive relationship between shareholder pressure and sustainability report quality. This suggests that companies with greater shareholder pressure are more likely to produce high-quality sustainability reports.
4. **Creditor Pressure (CREDIT):** A negative coefficient (-0.022) indicates a negative relationship between creditor pressure and sustainability report quality. This implies that companies with higher levels of creditor pressure tend to produce lower quality sustainability reports.

The findings of this study suggest that a combination of factors, including board size, board education, shareholder pressure, and creditor pressure, influence the quality of sustainability reporting in Indonesia. While board education and shareholder pressure have positive associations with report quality, board size and creditor pressure exhibit negative relationships. These results highlight the importance of considering these diverse factors when examining sustainability reporting practices.

This regression test is conducted to develop hypotheses between the variables that have been carried out. The purpose of this test is to determine the influence of the independent variable on the dependent variable in the study. The dependent variable is the quality of the sustainability report (SRQUAL) The independent variables in this study are Board Size (BSIZE), Board Education (BEDU), Shareholder Pressure (SHARE), and Creditor Pressure (CREDIT).

The regression equation for the quality

This research investigates how company characteristics and pressures influence the quality of sustainability reports. This test was conducted to find out how much influence the independent variable has on the dependent variable as a whole. To find out the answer to this test, the P-Value or Sig value generated in this test is compared with (0.05). If the p-value < (0.05), then H0 is rejected and vice versa. The following are the results of the F test in the study. The coefficient of determination (R2) is intended to measure the degree to which the model is able to explain changes in the dependent variable. The values of the coefficient of determination are zero and one. A small R2 value represents the capacity of the variable. The independent variable that explains the variation in the dependent variable is very limited. A value close to one means that the independent variable provides almost all the information needed to predict changes in the dependent variable (Ghozali, 2018). If there is a negative R2 adjustment, then the adjusted R2 value is considered zero.

The logistic regression analysis method was used as the analytical technique in this research. Linear regression is an analytical method to describe the relationship between independent variables that have more than one category and the dependent variable. This regression test was carried out to develop hypotheses between variables. The purpose of this test is to determine the effect of the independent variable on the dependent variable.

Table 2. Simultaneous Significance Test Results (Statistical Test F)

Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	.792	5	.198	5.203	.001[b]
	Residual	5.515	145	.038		
	Total	6.307	149			

Table 3. Table of Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.348[a]	.121	.079	.33959

Table 4. t test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.087	0.090		2.840	0.005
	BSIZE	0.009	0.005	-0.277	-2.732	0.142
	BEDU	0.338	0.082	0.236	2.333	0.003
	SHARE	0.257	0.100	0.215	2.642	0.004
	CREDIT	0.053	0.049	-0.030	-0.025	0.335

The dependent variable is the quality of sustainability reports (SRQUAL). The independent variables in this study are Board Size (BSIZE), Board Education (BEDU), Shareholder Pressure (SHARE), and Creditor Pressure (CREDIT). The following are the results of the t test on the regression model: Based on the results of the t test statistics above, several conclusions can drawn. The linear regression test has a B value of -0.009 which means it is negative, and has a t test value of 0.142, which means that this variable does not significantly affect Variable Y. It can be said that Board Size has no significant effect on the quality of the company's sustainability report. The results of this study do not support the agency theory perspective developed by (Hu & Loh, 2018), which states that the larger the board size in a company is, the less agency problems will occur, and the company will produce a higher-quality sustainability report. However, the results of this study support the research published by Teerooven (2013), which states that the size of a company's board has no effect on the disclosure of sustainability reports.

The educational background of the board has a significant positive effect on the quality of the sustainability report. The linear regression test has a B value of 0.338 which means that it is positive, and it has a t test of 0.003, which means that this variable significantly affects variable Y. These results indicate that H2 is supported by the finding that the board's business education background has a significant positive effect on the disclosure of sustainability reports. The results of this study support upper echelons theory, which states that CSR activities are a manifestation of management initiatives that are influenced by the characteristics of the management background. This study supports previous research conducted by Rahindayati & Ramantha (2015) and Hadya & Susanto (2018), who found that education has a positive influence on CSR.

Shareholder pressure has a positive influence on the quality of sustainability reports. The linear regression test has a B value of 0.257, which means that it is positive, and it has a t-test of 0.004, which means that this variable significantly affects the Y variable. The results of this study support stakeholder theory, which states that shareholders/investors, as stakeholders, are entitled to benefits from the company in various forms of financial and nonfinancial information. Disclosure of information to shareholders will affect the decisions that will be made by shareholders. This study supports previous research (Hamudiana, 2017) showing that pressure from shareholders has a positive effect on the transparency of sustainability reports.

Creditor pressure has no effect on the quality of sustainability reports. The results obtained from the linear regression test have a B value of 0.053, which means that it is positive. The results is a t test of 0.335, which means that this variable does not significantly affect Variable Y. These results indicate that H4 is rejected because this variable does not affect the quality of the sustainability report. According to (Lulu, 2020), creditors do not affect the quality of sustainability reports because creditors are not concerned with the contents of the report but only care about the existence of guarantees for debt payments. The results of this study do not support stakeholder theory, which explains that creditors have authority and can provide legal conditions for the repayment of their loans. This study supports the research of Lulu (2020), which found that creditors do not affect the quality of sustainability reports because creditors do not care about the amount of information disclosed by companies regarding CSR in providing funds to companies.

The analysis and results are summarized as follows. The research used a combination of statistical tests, such as the F test, t test, and R-squared test, to assess the relationships between variables. Board size (BSIZE) has no significant effect on SRQUAL. Board education (BEDU) has a significant positive effect on SRQUAL. Companies with a greater proportion of board members with business education tend to produce higher-quality sustainability reports. Shareholder pressure (SHARE) has a significant positive effect on SRQUAL. Companies facing pressure from shareholders are more likely to produce better quality reports. Creditor pressure (CREDIT) has no significant effect on SRQUAL. Creditors are not as concerned with the content of the report as with the financial health of the company.

First, the educational background of the board plays a crucial role in the quality of sustainability reports. Second, companies facing pressure from shareholders are more likely to prioritize sustainability reporting.
The third is that creditors' pressure does not seem to influence the quality of sustainability reports in this study.

CONCLUSION

The research conducted provides the results of the analysis of the problem formulation as follows.

Board size is the number of members of the board of commissioners and board of directors in a company. The size of the board of directors and commissioners will influence the decisions made by the company. This variable can be calculated by the board of directors plus the board of commissioners. Based on the test results in this study, it can be said that Board Size has no effect on the quality of the company's sustainability reports on companies listed on the Indonesia Stock Exchange in 2016–2020.

Board education is the educational background of the company's board. The last education level of the board can influence decision making for a company's future performance. The greater the education level of the board is, the greater the opportunity for the board to make the right decisions in the company. According to Darmadi & Sodikin (2013), this study uses a ratio, where the number of boards with business education is divided by the total number of company boards. Board education or the educational background of the board affects the quality of sustainability reports positively and significantly for companies listed on the IDX in 2016–2020.

Shareholder pressure is the pressure obtained by shareholders in a company. Shareholders are individuals, companies or institutions that own at least one share of a company that has been officially issued. The pressure from shareholders in this study will be measured by the level of concentration of the ownership structure. The level of concentration is measured by the comparison of the number of shares owned by the parent company or the majority with the total number of shares. The results of this test indicate that shareholder pressure has a positive influence on the quality of sustainability reports for companies listed on the IDX from 2016–2020.

Creditor pressure is the pressure obtained by the company from creditors or lenders. Creditor pressure is calculated using analysis techniques of Lu & Abeysekera (2014), where total liabilities are divided by total company assets. The results of this test show that creditor pressure has no effect on the quality of sustainability reports on companies listed on the IDX in 2016-2020.

This study has several implications for companies, policymakers, and stakeholders in Indonesia. For Companies: Companies, particularly those listed on the IDX, should prioritize having board members with strong economic backgrounds. This can be achieved by focusing on recruiting board members with relevant educational qualifications and experience. For Investors: Investors can use the findings to prioritize companies with boards that have a strong economic background, as this is likely to lead to higher quality sustainability reports. In this regard, they can engage with companies and encourage them to improve their board composition. Policymakers might consider initiatives that encourage or even mandate economic education for board members, particularly in companies where sustainability reporting is crucial.

The study acknowledges several limitations The study does not mention the specific industries of the companies analyzed. Since CSR attitudes vary by industry, this could impact the results. The model's explanatory power (R-squared) is relatively low, suggesting that factors other than those studied might influence report quality.

There are some recommendations, first, to replicate with Broader Scope: include a wider range of companies (beyond IDX) and a more recent timeframe. Second Analyze Board Characteristics: Investigate the impact of board diversity and expertise in specific sustainability areas. Third, content analysis involves going beyond disclosure quality and analyzing the actual content reported by companies. The last point is stakeholder influence, which can explore the influence of NGOs, media, and consumers on sustainability reporting practices. By addressing these limitations, future research can provide a more complete picture of the factors shaping the quality of sustainability reports in Indonesia.

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