

**FACTORS AFFECTING THE DISCLOSURE OF SUSTAINABILITY
REPORTS IN LQ45 COMPANIES FROM 2018 TO 2023**



A THESIS

**Presented as Partial Fulfillment of the Requirements
to obtain the Bachelor Degree in Accounting Program**

By

MUHAMMAD RAFI RIZQULLAH

Student Number: 20312527

INTERNATIONAL UNDERGRADUATE PROGRAM IN ACCOUNTING

FACULTY OF BUSINESS AND ECONOMICS

UNIVERSITAS ISLAM INDONESIA

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Yogyakarta, September 02, 2025

Researcher



Muhammad Rafi Rizqullah

APPROVAL SHEET

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AN UNDERGRADUATE THESIS

Written By:

MUHAMMAD RAFI RIZQULLAH

Student No.: 20312292

Approved by

Content Advisor,



Dra. Ataina Hudayati, M.Si., Ak., Ph.D.

2nd of September 2025

Language Advisor,



Ima Dyah Savitri, S.S., M.A.

2nd of September 2025



**FAKULTAS
BISNIS DAN EKONOMIKA**

Gedung Prof. Dr. Ace Partadiredja
Universitas Islam Indonesia
Condong Catur Depok Yogyakarta 55283
T. (0274) 881546, 885376
F. (0274) 882589
E. fbe@uii.ac.id
W. fbe.uii.ac.id

BERITA ACARA UJIAN TUGAS AKHIR/SKRIPSI

Nomor: 307/Ka.ProdiAkt/10/Prodi.Ak/US/IX/2025

Bismillahirrahmanirrahim,

Pada Semester Ganjil 2025/2026, hari Jum'at, tanggal 19 September 2025, Program Studi Akuntansi Fakultas Bisnis dan Ekonomika UII telah menyelenggarakan Ujian Tugas Akhir/Skripsi yang disusun oleh:

Nama : MUHAMMAD RAFI RIZQULLAH
NIM : 20312527
Judul Tugas Akhir : FACTORS AFFECTING THE QUALITY OF SUSTAINABILITY
REPORTS IN LQ45 COMPANIES IN 2018-2023
Dosen Pembimbing : Ataina Hidayati, Dra., M.Si., Ak., CA., Ph.D

Berdasarkan hasil evaluasi Tim Dosen Penguji Tugas Akhir, maka Tugas Akhir (Skripsi) tersebut dinyatakan:

Lulus

Nilai : A

Referensi : Layak ditampilkan di Perpustakaan

Tim Penguji:

Ketua Tim : Ataina Hidayati, Dra., M.Si., Ak., CA., Ph.D

Anggota Tim : Aditya Pandu Wicaksono, SE., Ak., M.Ak.

Yogyakarta, 19 September 2025

Ketua Program Studi Akuntansi,



Prof. Rifqi Muhammad, SE., SH., M.Sc., Ph.D., SAS
NIK. 033120104

BERITA ACARA UJIAN TUGAS AKHIR/SKRIPSI

SKRIPSI BERJUDUL

**FACTORS AFFECTING THE QUALITY OF SUSTAINABILITY REPORTS IN LQ45 COMPANIES IN
2018-2023**

Disusun oleh : MUHAMMAD RAFI RIZQULLAH

Nomor Mahasiswa : 20312527

Telah dipertahankan didepan Tim Penguji dan dinyatakan Lulus
pada hari, tanggal: Jum'at, 19 September 2025

Penguji/Pembimbing Skripsi : Ataina Hidayati, Dra., M.Si., Ak., CA., Ph.D

Penguji : Aditya Pandu Wicaksono, SE., Ak., M.Ak.

Mengetahui
Dekan Fakultas Bisnis dan Ekonomika
Universitas Islam Indonesia



Prof. Johan Arifin, S.E., M.Si., Ph.D., CFrA, CertIPSAS.

PREFACE

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ABSTRACT

This research aimed to determine the factors affecting the disclosure of sustainability reports in LQ45 companies in Indonesia from 2018 to 2023. Sustainability reporting is an important instrument for corporate transparency and accountability in environmental, social and governance issues. Therefore, understanding the main factors that determine the disclosure of sustainability reports is essential to deliver comprehensive reports and compliance with established standards. The population used in this study is companies listed on the LQ45 Index of the Indonesia Stock Exchange over a period of six years from 2018 up to 2023. The sample was determined by a purposive sampling method. The number of samples that met the criteria was 17 companies with a total of 102 company years of observation data. The research data is sourced from the company's annual report and sustainability report. The regression model used is panel data regression and data processing is carried out by using Eviews-12 data processing applications. The results showed that board of independent commissioners size, board of directors size, and external assurance had a significant positive impact on the disclosure of sustainability reports. While employee pressure did not significantly impact the disclosure of sustainability reports. These findings highlighted the importance of both internal governance structures and external stakeholder influences in enhancing the credibility and transparency of sustainability disclosures. The study provided valuable insights for corporate leaders, policymakers, and stakeholders in promoting high-quality sustainability reporting practices in Indonesia's capital market.

Keywords: sustainability report disclosure, LQ45, employee pressure, independent commissioners, board of directors, external assurance.

CHAPTER I

INTRODUCTION

1.1 Background

In recent years, attention to environmental and social issues has increased significantly in various circles, not only focusing on economic aspects. Global phenomena such as scarcity of natural resources, poverty, hunger and high levels of pollution have strengthened awareness of the importance of creating better environmental and social conditions in the future. Companies, as one of the actors in the business world, are not only influenced by but also have an influence on the environment and surrounding communities. It is expected that companies will contribute to developing their businesses while considering environmental and social balance.

Currently, many companies are encouraged to be responsible and reduce the negative impacts they may have on the natural environment and society due to their business activities, one example being 2 air polluting factories in North Jakarta. DLH DKI Jakarta imposed administrative sanctions on two coal warehousing and storage companies, namely PT. Trada Trans Indonesia and PT. Trans Bara Energy, because it has violated environmental management regulations. The two companies were deemed not to have complied with the regulations, including installing nets at activity locations and managing run off

water stockpile coal, and ownership of Temporary Storage Sites (TPS) for B3 Waste. In the end, the company's permit was revoked, in accordance with Article 495 of Indonesian Government Regulation Number 22 of 2021 (CNN 2023). In order for companies to pay more attention to the impact of their activities, it is important to implement standard monitoring and reporting carried out internally by the company

Every company definitely has the goal of making a lot of profits, which often causes them to ignore the negative impacts of their activities. However, this has become a concern for stakeholders, encouraging companies to be responsible for the social and environmental impacts resulting from their activities. Therefore, companies no longer focus only on financial profits alone, but also on responsibility towards society and the environment, in what is known as the concept of triple bottom line (Elkington, 1997).

Local communities are driven by environmental and social responsibility to want the companies to disclose information to external parties that goes beyond just one aspect of company performance, but covers all company performance indicators. Disclosure of this information can be seen in the preparation of sustainability reports which are carried out voluntarily by companies (Ananda & Yusnaini, 2023).

According to Dissanayake, Tilt, and Qian (2019) making and serving sustainability report well is the key to making the company look better transparent and accountable. Therefore, in compiling *sustainability report*,

companies cannot be careless and must follow applicable rules and standards. One of the well-known and widely used preparation frameworks by many companies throughout the world is the standards prepared by the Global Reporting Initiative (GRI). The use of the GRI framework has made Sustainability Reports from various companies more uniform and allow them to be compared with each other.

In Indonesia, disclosure of sustainability reports is still a voluntary initiative by companies, which means companies voluntarily publish these reports without any obligation. However, disclosure of sustainability reports is supported by various regulations, including Law Number 40 of 2007. Apart from that, the government has also issued Regulation Number 51/POJK.03/2017 through the Financial Services Authority (OJK) which regulates the implementation of sustainable financial practices for Financial Services Institutions (LJK), Issuers and Public Companies.

Demand for the quality of sustainable reports does not only come from parties outside the company, but also from internal companies or corporate governance. Agent ethics plays a crucial role in ensuring the quality of these sustainability reports, which depend on each individual in creating and maintaining the sustainability of a diverse and fluctuating company. To control agent ethics and ensure company sustainability, monitoring mechanisms can be used. If there is strong pressure from company supervisors, the quality of the reports issued by the company will be higher (Rudyanto & Siregar, 2018).

One of the two parts of the system responsible for company supervision is the board of commissioners and the board of directors.

Pressured by various parties, companies are now being pushed to acknowledge responsibility for the impact of their business activities on society. Companies are asked to take responsibility that does not only pay attention to the interests of shareholders and creditors. In Novius's research (2023), one of the internal pressures, namely employees, can influence companies to report sustainability reports. Nowadays, employees and prospective employees consider corporate social responsibility. Quality employees have an awareness of the importance of social and environmental responsibility. The most valuable assets for a company are not assets that can be measured and seen, but assets that cannot be measured, namely intellectual capital or human resources. Losing quality employees can disrupt company operations.

Research by Nasution & Adhariani (2016) and Wong & Millington (2014) shows that there is one thing that makes this sustainability report have good value, namely external assurance factors, especially in the context of disclosure of sustainability reports. External assurance, such as independent audits or verification by third parties, provides independent validation of the accuracy, reliability and transparency of sustainability reports. The presence of this external assurance provides confidence to stakeholders, including investors, customers, and the general public, that the information presented in the sustainability report has been examined objectively and is reliable. Thus,

external assurance not only increases trust in the company, but also increases the credibility and integrity of sustainability reports, which in turn can improve the company's relationships with stakeholders and strengthen the company's reputation in the eyes of the public.

The existence of problems and several research findings above prompted the researchers to conduct a new study on the influence of employee pressure, external assurance, board of commissioners size, and board of directors size on the quality of sustainability reports. This research focused on companies listed in the LQ45 index in 2023. The research conducted is different from previous studies, in which the GRI 2018 standard was commonly used to calculate the quality of sustainability reports, whereas the GRI 2021 standard on material topics is applied in this study. In addition, the presence of variables such as external assurance for sustainability reports makes this research more interesting because it is rarely studied in Indonesia, thus distinguishing it and filling the gap in previous research. According to Tyas and Khafid (2019), LQ45 companies consistently attracted the attention of capital market players, and every business activity they undertook served as a basis for decision-making by the company's stakeholders, making it interesting to study. Based on the previous explanation, the author is motivated to conduct thesis research entitled **"Factors Affecting the Quality of Sustainability Reports in Companies LQ45 in 2018 - 2023"**.

1.2 Problem Formulation

Based on the background that has been described, the problem formulation of this research is:

1. Does employee pressure affect the disclosure of sustainability reports?
2. Does external assurance affect the disclosure of sustainability reports?
Does the board of directors affect the disclosure of sustainability reports?
3. Does the board of independent commissioners affect the disclosure of sustainability reports?

1.3 Research Purposes

Based on the problem formulation above, this research has the following objectives:

1. To analyze the effect probability of employee pressure on the disclosure of sustainability reports.
2. To analyze the effect probability of external assurance on the disclosure of sustainability reports.
3. To analyze the effect probability of the board of directors on the disclosure of sustainability reports.
4. To analyze the effect probability of the board of independent commissioners on the disclosure of sustainability reports.

1.4 Research Benefits

It is hoped that the results of this research would provide benefits for various parties, including:

1. Theoretical Benefits

This research is expected to contribute to the development of accounting science, especially in the context of sustainable reporting quality, as well as increasing readers' understanding of this topic.

2. Practical Benefits

a. For Companies

This research can provide information and recommendations to companies regarding steps they can take to improve aspects of their sustainability reports

b. For Society

This research is expected to provide an understanding of the sustainability reporting practices carried out by companies listed in the LQ45 index in Indonesia.

c. Student

This research can be a source of insight and reference for students conducting further research on related topics.

1.5 Writing system

In writing this thesis, it is presented in 5 (five) chapters with the following

systematics:

CHAPTER I INTRODUCTION

This chapter contained the research background, problem formulation, research objectives, research benefits, and writing systematics.

CHAPTER II LIBRARY STUDY

This chapter contained the basics of the theory used in conducting research and is accompanied by an explanation of several similar previous studies, as well as explaining the hypothesis to be tested and the research framework.

CHAPTER III RESEARCH METHODOLOGY

This chapter contained definitions of operational research variables, data collection techniques, and data analysis.

CHAPTER IV RESULTS ANALYSIS AND DISCUSSION

This chapter contained a descriptive explanation of the results of the statistical data analysis that has been carried out and explained these results with hypotheses at the beginning of the research.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

This chapter explained the conclusions of the research results that have been carried out, their implications and provided suggestions for parties

interested in the results of this research and for future researchers

CHAPTER II

LIBRARY STUDY

2.1 Theoretical basis

2.1.1 Legitimacy Theory

Legitimacy theory stated that organizations continuously strive to ensure that their operations are in accordance with the norms and limitations that apply in society (Rokhlina Sari, 2015). Grey et al. (1997) consider legitimacy as a company management system that prioritizes the interests of society, government, individuals, and community groups. This theory continued that organizations or companies will continue to exist if society realizes that the organization operates to maintain a value system that is in accordance with the value system of society itself.

The idea in legitimacy theory stated that the continued existence of an organization or company can be achieved if the community realizes that its operations are in line with the values recognized in society. This theory emphasized the importance of companies convincing the community that their activities and performance are in accordance with applicable norms. Therefore, companies used annual reports as a tool to describe their environmental responsibilities, with the aim of being accepted by the community and being able to continue to access the resources needed. Legitimacy from the community is a vital operational asset for a company, because

This is related to the continuity of the company's business (Tarigan & Samuel, 2014). As a system that pays attention to the interests of society, the company's operations must be in accordance with the expectations of society. This is a step taken by the company to show that they have fulfilled their social responsibilities and are accepted by society.

2.1.2 Theory Stakeholder

Theory Stakeholder focuses on ethical considerations, moral principles, and values in the management of individuals or groups associated with a project or organization. The goal is to improve relationships with stakeholders, leading to increased efficiency throughout the project or organization. This theory is applied in a variety of important domains, including project management, corporate social responsibility, strategic management, and business ethics. (Freeman. 1984). Theory stakeholder become a basic element in the context of corporate social responsibility, especially within the framework of the organization as an open system that interacts with society.

In this system, companies relate to various groups that have specific needs, expectations, and demands, reflecting complex interaction dynamics. Understanding the diversity of these stakeholder groups is key in forming corporate social responsibility (Harmoni. 2013). The company will take the necessary actions to maintain its image as a trusted entity. In this context, stakeholders have the influence

to oversee activities and encourage companies to disclose better information (Anggraini & Handayani, 2021).

2.1.3 Employee Pressure

The success of a company and its business continuity directly depend on the main contribution made by employees in running its operations. Employees are the most important assets for a company, responsible for running the company's operations with a primary focus on meeting customer needs. Currently, the greatest value in a company is not only measurable or physically visible, but involves human resources that cannot be measured. (Friske et al., 2019; Saputro et al., 2022). Not only that, employees also have great potential in influencing various company activities, including their contribution to sustainability reporting (Rudyanto & Siregar, 2018).

One method of measuring employee stress used is the natural logarithm of the number of employees. In general, increasing the number of employees can increase their influence in the company, which has the potential to cause conflict between workers and the company, such as strikes, and the impact can lead to a decrease in company productivity. (Saka & Noda, 2013).

2.1.4 External Assurance

External assurance refers to the process or action of involving an external party or independent third party to provide assurance,

assessment, or verification of information or statements provided by other parties (Anisa & Nikmah, 2023). The company's decision to utilize assurance services is also considered based on the benefits obtained. These benefits include improving the quality of information contained in the report and improving the company's reputation. This aspect can be associated with the legitimacy theory, where companies are considered to be able to obtain a positive image from the community as a result of implementing corporate social responsibility (Juliandry & Sugioko, 2019).

The number of companies that rarely use assurance services can also influence the views of stakeholders to ignore the importance of assurance for the company. If stakeholders think that assurance is not mandatory, the company will likely ignore the importance of assurance services.

2.1.5 Board of Directors

The role of the board of directors is very important in corporate management, especially in resource management. The separation of responsibilities between the board of directors and the board of commissioners gives the board of directors great authority in regulating various aspects of the company. The main tasks of the board of directors include determining policies and strategies for managing company resources, both for short-term and long-term periods (Rahardja, Sukandar, 2014).

2.1.6 Board of Commissioners Independent

The Board of Commissioners Independent involves collective supervision and providing advice to the board of directors, with a focus on ensuring the implementation of Good Corporate Governance by the company. However, the Board of Commissioners is expected not to interfere in operational decisions. The main focus of the Board of Commissioners in the company is to monitor the implementation of policies set by the board of directors. Its role is expected to reduce the potential for agency conflicts between the Board of Directors and shareholders. (Febrina, 2012)

Increasing the number of board of commissioners Independent can contribute to generating a number of strategic ideas that have the potential to improve the company's financial performance. In addition, growth in the composition of the board of commissioners can also increase focus in the monitoring process, ensuring that suggestions for management decision-making can be received appropriately. The board of commissioners has an important role in providing consultation and advice to management to improve financial performance (Pratiwi & Noegroho, 2022).

2.1.7 Sustainability Report

Sustainability report is a document used by companies to transparently inform their economic, environmental, and social impacts on society. This report serves as a tool of accountability to stakeholders (Wasiatun Hikmah & Anisykurlillah, 2023). According to the Global Reporting Initiative

(GRI), Sustainability Report not only reflects the values and governance model of the company, but also shows the relationship between the company's strategy and their commitment to a sustainable global economy. This document helps companies in measuring, understanding, and communicating their economic, environmental, and social performance.

Sustainability reporting has seen a significant increase in recent years. The study of sustainability reporting practices has become crucial to improve its quality. Efforts to improve the quality of sustainability reporting include engaging in reporting in accordance with established frameworks and ensuring the accuracy and completeness of reports. However, companies should use sustainability reporting practices solely for legitimate and measurable purposes. In other words, these tools should be used as a management strategy aimed at highlighting positive achievements in their sustainability performance, rather than obscuring potential negative impacts (Khatri & Kjærland, 2023)

2.2 Previous Research

Table 2.1 Previous Research

No	Author's Name and Year	Variable Name	Object Study/Respondent	Study Findings
1	Chang, Amran, Iranmanesh and Foroughi (2019)	Independent: Corporate Culture (Country of Origin, Islamic or non-Islamic), Institutional Ownership, Vision and Mission. They depend on: Quality of Sustainability Reports Control: Profitability and Leverage Moderation: Equator Principles	Secondary data from the annual reports of listed companies for 2016 were collected from 100 companies from various countries. Ownership, and vision and/or mission have a significant positive effect on SRQ. In addition, the impact of Islamic/non-Islamic status on SRQ was negatively moderated by EP.	Country of origin status, Islam or non-Islamic status, ownership, and vision and/or mission have a significant positive effect on SRQ. In addition, the impact of Islamic/non-Islamic status on SRQ was negatively moderated by EP.
2	Antara, Putri, Ratnadi, dan Wirawati (2020)	Independent: Firm Size, Leverage, Environmental Performance They depend on: Sustainability Report	Companies listed on the LQ45 index	Company size and environmental performance have a positive and significant influence on the sustainability reporting area, while the leverage

				variable has a positive but insignificant influence on sustainability reporting.
3	Garcia, Benau, and Meca (2020)	Independent: Business Group Control, Foreign orientation of Business Group, Ownership Foreign, Business Group Age, Board Size. They depend: Quality of Sustainability Reports	The non-financial business groups from Latin America were specifically selected from the MILA countries (Chile, Colombia, Mexico and Peru).	and board size has a positive effect on sustainability quality and disclosure practices.
4	Elaigwu, Abdulmalik, and Talab (2021)	Independent: Corporate Integrity, External Assurance They depend on: Report Quality Sustainability.	Non-financial companies listed on Bursa Malaysia from 2015 to 2019	Corporate integrity and external assurance have a positive and significant impact on the quality of sustainability reporting.
5	Dewi and Ramantha (2021)	Independent: Board of Directors, Commissioners Independence,	117 samples from secondary data	Board of directors, independent commissioners,

		Audit Committee, and Company Size. They depend on:Sustainability Report Moderation: Institutional Ownership		and The audit committee has a positive effect on sustainability reports, while company size has no effect on sustainability reports. In addition, institutional ownership is able to moderate the influence of the board of directors, independent commissioners , and company size on sustainability reports, but is unable to moderate the influence of the audit committee on sustainability reports. sustainability.
6	Herawaty, Lambintara, and Daeli (2021)	Independent: Number of Board of Directors Members, Age of Board of Commissioners and Board of Directors Members,	Banking Companies listed on the IDX for the 2015 period - 2019.	Board size and female involvement in corporate boards have a positive effect on SRQ. The proportion of

		Proportion of Independent Commissioners, and Female members of the board of commissioners and board of directors. They depend on: Quality of Sustainability Reports Moderation: Profitability		independent commissioners and the age of board members do not affect SRQ. Profitability strengthens the relationship between other variables and SRQ.
7	Novius (2023)	Independent: Gender Diversity, Institutional Ownership Audit Committee, Employee Pressure They depend on: Sustainability Report	The company that registered in LQ-45 index 2019 - 2022	Variables gender diversity does not have a significant impact on sustainability reporting. The audit committee has no significant influence on sustainability reporting.

				Institutional ownership does not have a significant effect on sustainability reporting. Employee pressure has a positive and significant effect on reports sustainability.
8	Ananda and Yumnaini (2023)	Independent: Board of Commissioners and Board of Directors They depend on: Sustainability Report Disclosure	Companies Listed on the Indonesia Stock Exchange for the 2020 Period	The board of commissioners variable has a positive and significant effect on sustainability reports. Meanwhile, the board of directors variable has a negative and significant effect on the report sustainability.
9	Asti Permata Sari (2024)	Independent: Independent Board of Commissioners		This study found that independent commission

		They depend on: Sustainability Report Disclosure		ers have an influence on the reliability of sustainability report quality in consumer goods sector companies listed on the Indonesia Stock Exchange during the 2020–2022 period
10	Nugrahani and Rohmah (2023)	Independent Variables: Report Format, Assurance, Standard Guidelines, Size, and Industry Sector Dependent Variable: Sustainability Report Disclosure	364 public companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2020	The report format and assurance variables have a positive effect on sustainability report disclosure, while the standard guidelines, company size, and industry sector variables have no effect on sustainability report disclosure.
11	Ananda dan Yusnaini	Independent Variables: Board	Companies Listed on the Indonesia Stock	The board of commissioners

	(2023)	of Commissioners and Board of Directors Dependent Variable: Sustainability Report Disclosure	Exchange in 2020	variable has a positive and significant effect on sustainability reporting. In contrast, the board of directors variable has a negative and significant effect on sustainability reporting.
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2.3 Research Hypothesis

2.3.1 The Impact of Employee Pressure on Sustainability Reports

The pressure given by employees to the company is an effort to ensure the fulfillment of employee rights by the company. The most valuable assets for a company are no longer measurable or visible assets, but rather immeasurable assets, namely intellectual capital or human resources. Losing employees can negatively affect how smoothly the company operates (Novius, 2023). In addition, the role of professional and qualified employees is also an important pillar in achieving company goals. In line with Stakeholder Theory posits that organizations must consider the interests and needs of all stakeholders, including employees. When employees feel empowered to express their concerns and expectations, they are more likely to advocate for transparency and accountability in sustainability reporting. This advocacy can lead to the production of

higher quality sustainability reports, as companies respond to the pressures and expectations of their workforce. By addressing employee concerns, companies can align their reporting practices with stakeholder interests, thereby enhancing their overall accountability.

Research supporting the relationship between employee pressure and the quality of sustainability reports includes findings by Novius (2023), which indicate that employee pressure has a positive and significant effect on the quality of sustainability reports. Hence, a first hypothesis, can be posited as follows:

H1: Employee pressure has a positive effect on the quality of sustainability reports.

2.3.2 The Affecting of External Assurance on Sustainability Reports

External assurance of sustainability reports is a service designed for organizations seeking to gain external assurance of the material data presented in their sustainability reports. This external can increase credibility, transparency, and stakeholder trust, as well as assist companies in meeting related regulatory obligations (Elaigwu et al., 2022).

Stakeholder Theory emphasizes the importance of addressing the interests and concerns of all stakeholders, including investors, customers, employees, and the community. When companies seek external assurance for their sustainability reports, they signal to stakeholders that they are committed to transparency and accountability.

This commitment is essential for building trust and maintaining positive relationships with stakeholders, who increasingly demand reliable and verifiable information regarding corporate social responsibility practices. By enhancing the quality of sustainability reports through external assurance, companies can better meet stakeholder expectations and improve their overall reputation.

Legitimacy Theory further supports the significance of external assurance by asserting that organizations must operate within societal norms and values to maintain their legitimacy. In an era where stakeholders are more informed and concerned about corporate practices, companies that provide externally assured sustainability reports demonstrate their adherence to societal expectations regarding transparency and accountability. This alignment not only helps companies gain legitimacy in the eyes of stakeholders but also mitigates potential risks associated with reputational damage and loss of stakeholder confidence. Hence, a second hypothesis, can be posited as follows:

H2: External assurance has a positive effect on the quality of sustainability reports.

2.3.3 The Affecting of Board of Directors Size on Sustainability Report

The size of the board of directors is a critical factor in the implementation of Good Corporate Governance (GCG) practices within a company. Every company needs to have a president director who is responsible for coordinating all activities carried out by the board of directors (Herawaty et al., 2021). The frequency and quality

of communication among board members are essential for fostering collaboration and enhancing the decision-making process, which ultimately facilitates the implementation of GCG principles (Suryono & Prastiwi, 2011).

Stakeholder Theory posits that organizations must consider the interests and needs of all stakeholders, including shareholders, employees, customers, and the community. A larger board of directors can bring diverse perspectives and expertise, which enhances the board's ability to address stakeholder concerns effectively. When the board is composed of members with varied backgrounds and skills, it is better equipped to oversee sustainability initiatives and ensure that the company's reporting practices align with stakeholder expectations. This alignment is crucial for building trust and maintaining positive relationships with stakeholders, who increasingly demand transparency and accountability in sustainability reporting.

Legitimacy Theory further underscores the importance of board size in the context of sustainability reporting. Organizations must operate within societal norms and values to maintain their legitimacy. A larger board of directors can enhance the legitimacy of a company by demonstrating a commitment to diverse governance and stakeholder representation. This diversity can lead to more comprehensive sustainability reporting, as the board is likely to prioritize issues that resonate with societal expectations and stakeholder interests. By ensuring that sustainability reports reflect these values, companies can reinforce their legitimacy and secure stakeholder trust.

Previous research indicated that the board of directors has a significant and

positive influence on the disclosure of sustainability reports (Herawaty et al., 2021). This finding is supported by Ananda and Yusnaini (2023), which also showed that the size of the board of directors positively influences sustainability report disclosure. Therefore, a larger board can enhance the quality of sustainability reports by ensuring that diverse stakeholder perspectives are considered and that the company adheres to societal norms. Hence, a second hypothesis, can be posited as follows:

H3: The size of the board of directors has a positive effect on the quality of sustainability reports.

2.3.4 The Affecting of Board of Commissioners Independent Size on Sustainability Report

Independent commissioners play a crucial role in corporate governance by supervising management performance and ensuring the implementation of Good Corporate Governance (GCG) practices within a company (Amelia & Hemawati, 2016). An independent board of commissioners is characterized by its lack of affiliation with the company, which allows for unbiased oversight and accountability (Aniktia et al., 2015). The effectiveness of an independent board can often be measured by the proportion of independent commissioners relative to the total board size. This proportion is significant as it reflects the board's ability to provide objective oversight and guidance, which is essential for maintaining high standards of governance.

Stakeholder Theory emphasizes the importance of considering the interests

and needs of all stakeholders, including shareholders, employees, customers, and the broader community. A larger proportion of independent commissioners can enhance the board's ability to address stakeholder concerns effectively. Independent commissioners are more likely to prioritize transparency and accountability in sustainability reporting, as they are not influenced by internal company politics or conflicts of interest. This independence allows them to advocate for comprehensive sustainability practices that align with stakeholder expectations, thereby fostering trust and enhancing the quality of sustainability reports.

Legitimacy Theory further supports the significance of independent commissioners in the context of sustainability reporting. Organizations must operate within societal norms and values to maintain their legitimacy. A board of commissioners with a higher proportion of independent members can enhance a company's legitimacy by demonstrating a commitment to unbiased governance and stakeholder representation. This commitment is crucial in ensuring that sustainability reports reflect societal expectations and address the concerns of various stakeholders. By aligning their reporting practices with these values, companies can reinforce their legitimacy and secure stakeholder trust.

Previous research indicated that the size and independence of the board of commissioners positively influence the quality of sustainability reports (Asti Permata Sari (2024). A higher proportion of independent commissioners is associated with more rigorous oversight and a greater emphasis on ethical practices, which can lead to improved sustainability disclosures. This relationship underscores the importance of independent governance structures in enhancing the credibility and effectiveness

of sustainability reporting. Hence, the fourth hypothesis, can be posited as follows:

H4: The size of the board of commissioners independent has a positive effect on the quality of sustainability reports.

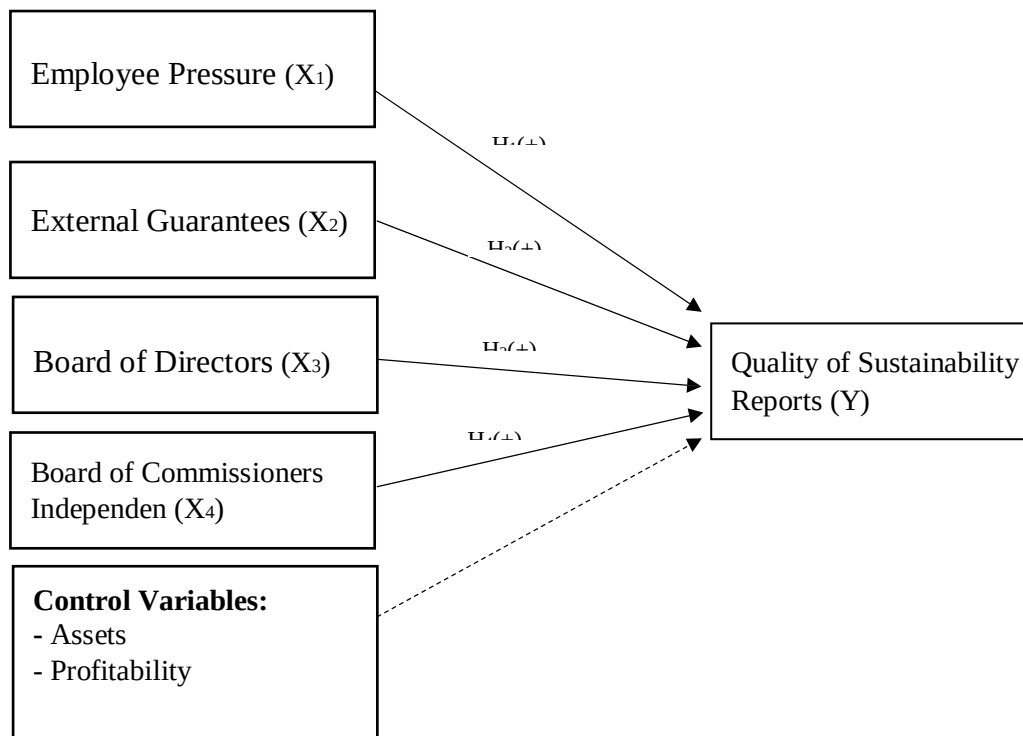
2.4

Logical Thinking Framework

Based on the hypothesis that has been made, this research creates the following framework of thought

Picture 2.1 Research Model





CHAPTER III

RESEARCH METHODOLOGY

3.1 Population and Research Sample

The population to be used is the Liquid 45 or LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 – 2023. Sampling method using the technique purposive sampling. Here are the sample criteria:

1. LQ45 companies listed on the Indonesia Stock Exchange that published sustainability reports and annual reports in 2018 - 2023
2. Companies that prepare their sustainability reports using standard disclosure Global Reporting Initiative (GRI)

3.2 Data Sources and Data Collection Techniques

This study used secondary data sources in the form of annual reports and sustainability reports from each company listed on the LQ45 index. Annual reports and sustainability reports were obtained from each company's website. Data collection was carried out by tracing the annual and sustainability reports of companies selected as samples. As a guide, a research instrument was used in the form of a checklist containing sustainability report disclosure items. After the data is collected, the next process will be continued, namely data processing.

3.3 Definition of Variables and Operational Measurement of Variables

3.3.1 Independent Variables

a. Employee Pressure

Pressure given by employees to the company can be considered as a form of demand to fulfill employee rights held by the company. The assets that are now considered most valuable to a company are no longer limited to assets that can be measured or seen, but include intellectual *capital* or human resources that cannot be measured. Losing competent employees can cause serious disruptions in company operations. Therefore, companies are expected to meet employee demands and transparently report their social responsibilities to all stakeholders (Rizkika Alfaiz & Aryati, 2019). According to Rizkika Alfaiz & Aryati (2019), employee stress can be calculated using the formula:

$$\text{Employee Pressure} = \text{Ln (Number of Employees)}$$

b. External Assurance

The publication of sustainability reports by listed companies does not always reflect an increase in the quality of the information disclosed. There is increasing interest from stakeholders in sustainability practices that reflect companies' current sustainability commitments and sustainable development plans.

This emphasizes the importance of ensuring that sustainability reporting truly reflects companies' dedication to sustainable practices and their future plans (Elaigwu et al., 2022).

The involvement of an independent third party in providing assurance on sustainability reports can improve the overall quality of sustainability information. This practice contributes to greater reliability and credibility in the reporting process, ensuring that the sustainability information disclosed is robust and credible. External Assurance can be seen with the variable dummy which is measured by a score of 1 if the company's sustainability report is guaranteed by a third party or service assurance and vice versa if not then given the number 0.

c. Size of the Board of Directors

The board of directors is the embodiment of the principles of transparency, fairness, accountability, and responsibility, had a crucial role in carrying out its duties. If the board of directors can effectively fulfill its functions, it is expected that the company will not only be able to improve financial performance optimally, but also be able to build shareholder trust in the company's performance and management. Febrina (2012) in her research measured the board of directors with the formula:

$$\text{Board of directors} = \text{Number of board members}$$

d. Board of Commissioners Independent

Independent commissioners are part of the company that is independent and tasked with supervising management performance and implementing the Good Corporate Governance system (Amelia & Hemawati, 2016). The existence of an independent board of commissioners can encourage companies or management to disclose quality Sustainability Reports. A quality Sustainability Report from a company illustrates that the company has implemented good corporate governance. The independent board of commissioners variable can be proxied by the proportion of independent board of commissioners. Therefore, to find out the proportion of independent board of commissioners that can be known by the following formula:

$$PIBC = \frac{\text{Number of independent board of commissioners}}{\text{Total number of board of commissioners}}$$

3.3.2 Dependent Variable

a. Quality of Sustainability Reports

According to Global Sustainability Reporting (GRI), Sustainability Reporting is defined as a process that helps companies set goals, measure performance, and manage change towards a sustainable global economy. This process includes the integration of long-term profitability with social responsibility and environmental care. Sustainability Reporting is considered as the main platform for communicating a company's performance in

economic, environmental, social, and governance aspects, reflecting both positive and negative impacts. In the research conducted by Novius (2023) the SRDI calculation is carried out by giving a score of 1 if one item is disclosed, and 0 if it is not disclosed. The guidelines used in this study are GRI 3 Material Topics, the total indicators of which are 84 items.. Here is the formula for calculating SRDI:

$$SRDI = \frac{K}{N}$$

Note :

K = number of items disclosed

N = the number of items expected to be disclosed

3.3.3 Variable Control

a. Asset

Asset composition is used as an indicator of sales efficiency in generating return or profit, which is then reallocated to fixed assets. Fixed assets owned by the company play a role in running its business operations and can support an increase in sales. In this study, assets are measured using the total assets of manufacturing companies in the research period.

Asset = Total Assets (Ln)

b. Profitability

Profitability ratios, such as Return on Assets (ROA), are financial analysis tools used to measure a company's efficiency and effectiveness in generating profits from the use of its assets. ROA measures how efficiently companies used their assets to generate profits. Return On Assets can be systematically calculated using the formula:

$$\text{ROA} = (\text{Net Profit} / \text{Total Assets}) \times 100$$

3.4 Analysis Techniques

The data analysis technique used in this study is regression, conducted using EViews v.12 as the data testing tool.

3.4.1 Model Testing

There are three models that was tested in this study to determine the panel data regression model. Common Effect, Fixed Effect or Random Effect.

a. Model Common Effect

Model common effect is a simple regression method for estimating panel data model parameters by combining data cross section and time series without considering time and individual variations. In this approach, it is assumed that the behavior of the company's data remains the same over time. This approach used the method ordinary least square (OLS).

b. Model Fixed Effect

Model fixed effect is a technique used to estimate panel data using a variable dummy to capture whether there is a difference in the intercept. The basis of this model is that there is a difference in the intercept between companies, but the intercept has a similarity at all times. In addition, the model fixed has the assumption that slope is the same both in terms of companies and time. The approach used in this model is LSDV (Least Square Dummy Variable).

c. Model Random Effect

Model random effect is a model used to estimate panel data where the variables error may be interrelated across time and between individuals. Variations across time and between individuals are accommodated through errors. The existence of correlations between these error variables can hinder the use of the OLS method, so that the model random effect using the method Generalized Least Square (GLS).

The selection of estimation techniques is to use tests chow, test hausman and test Lagrange multiple.

d. Chow Test

The Chow test is a testing method to determine the most appropriate model fit, between a fixed or variable model.

common effect, in panel data estimation. This testing decision is taken based on:

- a. If the chi-square probability value $>$ significance level 0.05, then the null hypothesis (H_0) is accepted, which means the model common effect is selected.
- b. If the chi-square probability value $<$ significance level 0.05, then H_0 is rejected, which means the model fixed effect selected.

e. Hausman Test

The Hausman test is a testing technique used to determine the most appropriate model, between fixed effect or random effect, in panel data estimation. This testing decision is taken based on:

- a. If the chi-square probability value $>$ significance level 0.05, then H_0 is accepted, which means the model random effect selected.
- b. If the chi-square probability value $<$ significance level 0.05, then H_0 is rejected, which means the model fixed effect is selected.

f. Lagrange Multiplier Test

Lagrange Multiplier Test (LM) is a testing method used to determine the most appropriate model, between random effect or common effect, in panel data estimation. This testing decision is taken based on:

- a. If the chi-square value $>$ significance level 0.05, then H_0 is accepted, which means the model common effect selected.
- b. If the chi-square value $<$ significance level 0.05, then H_0 is rejected, which means the model random effect selected.

3.4.2 Descriptive Statistics

Descriptive statistics is the process of collecting statistical data that details activities such as processing, presenting, and providing a brief, clear, and orderly description through tables, graphs, or images. Descriptive statistics provide a description or explanation of data by considering the average value (mean), maximum value, minimum value, and standard deviation (Ghozali, 2016). This parameter is used to evaluate whether the distribution of variables is normal or not (Novius, 2023).

3.4.3 Classical Assumption Test

A. Normality Test

The normality test aims to evaluate whether the distribution of dependent variables and independent variables in the regression model is normal or not. Good model quality is characterized by data distribution that is close to normal. In the context of normality testing using Eviews software, there are two methods, namely using histograms and the Jarque-Bera test. The Jarque-Bera test is a statistical tool that

used to determine whether the data follows a normal distribution or not. According to Gujarati (2013), this detection is done by looking at the Jarque-Bera statistics, which are asymptotic (suitable for large samples and based on the Ordinary Least Square residual). The test is done by checking the Jarque-Bera (JB) probability with the following criteria:

- a) If the probability >0.05 , then it can be concluded that the data is normally distributed.
- b) If the probability <0.05 , then it can be concluded that the data is not normally distributed.

B. Multicollinearity Test

Multicollinearity test shows a strong linear relationship between some or all variables in the regression model. Multicollinearity is detected through the correlation coefficient between independent variables which if smaller than 0.8 indicates multicollinearity.

c. Panel Data Regression Analysis

Regression analysis is conducted to measure the level of strength of the relationship between two or more variables, while revealing the direction of the relationship between the independent variables and the dependent variables (Ghozali, 2016). The regression formula applied in this study is as follows:

$$Y = \alpha + \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$$

Where:

Y = Quality of Sustainability Reports

α = Constant

B = Variable Coefficient

X1 = Employee Pressure

X2 = External Assurance

X3 = Board of Directors Size

X4 = Independent Board of

Commissioners

X5 = Asset

X6 = Profitability (ROA)

e = *Error term*

3.4.4 Hypothesis Testing

1) Coefficient of Determination (R^2) Test

The coefficient of determination test, or R-Square, is used to measure the extent to which the independent variable is able to explain the variation in the dependent variable (Ghozali, 2016). The range of determination coefficient values is between 0 and 1. When the determination coefficient value (R^2) approaches 1 or is greater than 0, it

indicates that the independent variable used in the study provides most or almost all of the information needed to explain variations in the dependent variable.

2) F-Test

The F test is a method used to test the suitability of a model or to evaluate the validity of a research model. If the probability value is less than 0.05, then it can be assumed that the model is appropriate, and the results of the regression analysis can be used as a basis for analysis (Ghozali, 2016).

- a. When the significance value is $<5\%$, it can be concluded that H_0 cannot be accepted, while H_a can be accepted. This indicates a significant simultaneous influence of the independent variables on the dependent variable.
- b. If the significance value is $<5\%$, it can be interpreted that H_0 cannot be accepted, while H_a can be accepted. This result indicates that there is no significant simultaneous influence of the independent variables on the dependent variables.

3) T-Test

The T test is used to measure the extent to which the independent variable partially influences the dependent variable (Ghozali, 2016). If the significance value of the t-test is less than 5%, it can be concluded that the independent variable

independent has a partial significant influence on the dependent variable. Conversely, if the significance value is greater than 5%, then it can be assumed that the independent variable does not have a partial significant influence on the dependent variable.

CHAPTER IV

RESULT ANALYSIS AND DISCUSSION

4.1 Population and Research Sample

The population of this study consisted of the entire company listed in the LQ45 Index on the Indonesia Stock Exchange (IDX) over a period of six years from 2018 up to 2023. The "purposive sampling technique" was applied in selecting the sample. Following criteria have been used to select companies eligible to be included in sample:

- 4.1.1** Company listed in the LQ45 Index on the Indonesia Stock Exchange (IDX)
- 4.1.2** Company that are consistently listed in the LQ45 Index on the Indonesia Stock Exchange (IDX) over a period of six years from 2018 up to 2023
- 4.1.3** Company in the LQ45 Index on the Indonesia Stock Exchange (IDX) that are consistently published annual reports over a period of six years from 2018 up to 2023
- 4.1.4** Company in the LQ45 Index on the Indonesia Stock Exchange (IDX) that are consistently published annual sustainability over a period of six years from 2018 up to 2023

Table 4.1 Research Sample Selection

No	Criteria	Total
1	Company listed in the LQ45 Index on the Indonesia Stock Exchange (IDX)	45
2	Company that are inconsistently listed in the LQ45 Index on the Indonesia Stock Exchange (IDX) over a period of six years from 2018 up to 2023	(13)
3	Company in the LQ45 Index on the Indonesia Stock Exchange (IDX) that are in consistently published annual reports and annual sustainability report over a period of six years from 2018 up to 2023	(15)
Number of Research Sample Companies		17
Number of Research Samples (2018 - 2023) : (17 X 6)		102

Source: processed data 2025

Based on these calculations, the number of samples obtained in this study was 17 companies with a research period of 6 years. Therefore, the number of observation data in this study was 102 company years.

4.2 Statistics Descriptive Analysis

This analysis provides a comprehensive overview of the descriptive statistics for the various variables. According to Ghazali (2016), descriptive statistics provide an overview or description of data through information regarding minimum, maximum, average (mean) and standard deviation values. In this study, the variables analyzed include all variables as below:

- Sustainability Report Disclosure (Y)
- Employee Pressure (X1)
- External Assurance (X2)
- Board of Directors Size (X3)
- Size of Independent Commissioner (X4)
- Asset (C1)
- Return on Assets (ROA) (C2)

The descriptive statistics for variables used in this study have been shown in Table 4.2 below:

Table 4.2 Descriptive Statistics

	C1	C2	X1	X2	X3	X4	Y
Mean	12.31296	7.937655	8.890443	0.627451	8.872549	0.370795	0.471288
Median	11.64751	4.656856	8.351374	1.000000	7.500000	0.300000	0.467532
Maximum	15.88733	45.42669	12.33023	1.000000	15.00000	0.800000	0.766234
Minimum	9.047351	-10.27311	6.915723	0.000000	5.000000	0.166667	0.285714
Std. Dev.	2.106560	9.939268	1.364982	0.485871	3.043160	0.150958	0.100018
Observations	102	102	102	102	102	102	102

Source: processed data 2025, using EvIEWS 12

a) Description of Sustainability Report Disclosure (Y)

As can be seen from table 4.2, the mean value of Sustainability Report Disclosure is 0.471, indicating that on average companies disclose about 47% of the sustainability information. The standard deviation is 0.10, indicating that there is a moderate level of variability in the sustainability report disclosures among the companies. The minimum value is 0.285, and the maximum is 0.766, showing that some companies disclose significantly more sustainability information than others. Indah Kiat Pulp (0.766) having the highest value in the year of 2019 and Astra International (0.285) having the lowest values in the year of 2019.

b) Description of Employee Pressure (X1)

As can be seen from table 4.2, mean value of Employee Pressure (X1) is 8.890443 which is greater than the standard deviation value is 1.36498. It indicated that the data on employee pressure variables from 2018 to 2023 are closely clustered around the average. The minimum value is 6.915723, and the maximum is 12.33023. Indah Kiat Pulp (12.33023) having the highest value and PP (6.915723) in the year of 2018 having the lowest values in the year of 2018.

c) Description of External Assurance (X2)

As can be seen from table 3.3, mean value of External Assurance (X2) is 0.627451 which is greater than standard deviation value is 0.485871. It indicated that the data on external assurance variables from 2018 to 2023 are closely clustered around the average. The minimum value is 0.000000, and the maximum is 1.000000.

d) Description of Board of Directors Size (X3)

As can be seen from table 4.2, mean value of o Board of Directors Size (X3) is 8.872549 which is greater than standard deviation value is 3.043160. It indicated that the data on Board of Directors Size variables from 2018 to 2023 are closely clustered around the average. The minimum value is 5, and the maximum is 15. Chandra_Asri (15) having the highest value in the year of 2022 and Bukit Asam (5) having the lowest values in the year of 2018.

e) Description of Size of Board Independent Commissioner (X4)

As can be seen from table 4.2, mean value of Board of Independent Commissioner (X4) is 0.370795 which is greater than standard deviation value is 0.150958. It indicated that the data on board of independent commissioner variables from 2018 to 2023 are closely clustered around the average. The minimum value is 0.166666, and the maximum is 0.800000. Unilever Indonesia (0.800000) having the highest value in the year of 2023 and Bukit Asam (0.166667) having the lowest values in the year of 2018.

f) Description of Size of Asset

As can be seen from table 4.2, mean value of Size of Asset is 12.31296 which is greater than standard deviation value is 2.106560. It indicated that the data on board of size of asset from 2018 to 2023 are closely clustered around the average. The minimum value is 9.047351, and the maximum is 15.88733. Perusahaan Gas (15.88733) having the highest value in the year of 2018 and Indah Kiat Pulp (9.047351) having the lowest values in the year of 2020.

g) Description of Return on Assets (ROA)

As can be seen from table 4.2, mean value of Size of Asset is 7.937655 which is smaller than standard deviation value is 9.939268. It indicated that the data on Return on Assets (ROA) from 2018 to 2023 are significant differences in Return on Assets (ROA) among companies. The minimum value is (-10.27311), and the maximum is 45.42669. Indo Tambangraya (45.42669) having the highest value in the year of 2018 and WijayaKarya (-10.27311) having the lowest values in the year of 2021.

4.3 Assumption Classical Test Results

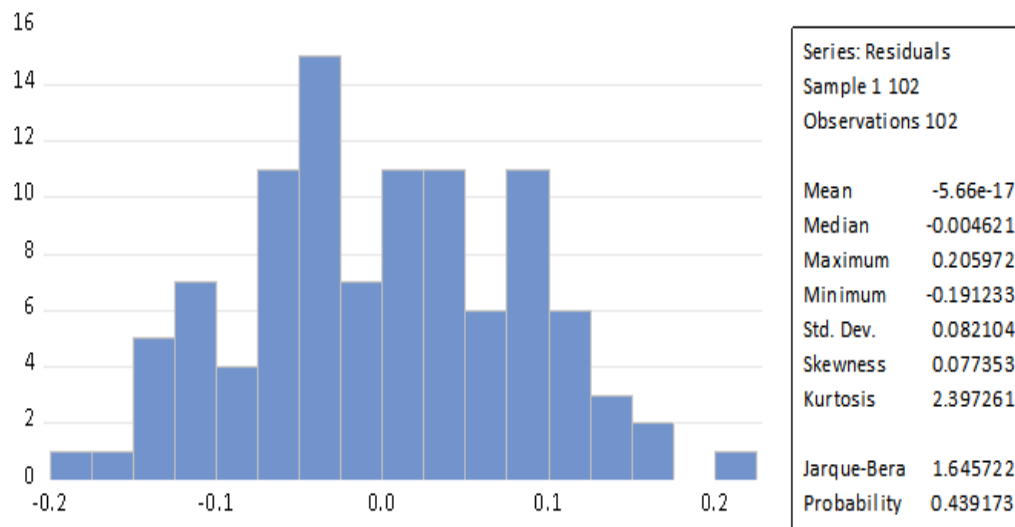
In regression analysis, classic assumption tests are essential to validate the underlying assumptions of the model. These assumptions include linearity, independence, homoscedasticity, normality, and no multicollinearity. The results of the classical assumption test on the data in this study, which include the Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test, are as below.

4.3.1 Normality Test Results

The Jarque-Bera test is a statistical test used to ascertain whether the sample data has a normal distribution with the decision rule is as follow:

- a. If the probability is >0.05 , the data follows a normal distribution..
- b. If the probability is <0.05 , the data does not follow a normal distribution distributed.

Picture 4. 1 Normality Test Results



Source: processed data 2025, using Eviews 12

As can be seen from the picture 4.1, The Jarque-Bera is 1.645722 with probability value is 0.439173. The p-value is greater than 0.05, indicating that data is normally distributed.

4.3.2 Multicollinearity Test Results

Multicollinearity test is used to ascertain whether independent variable is related to each other in the regression model. A model is considered good if there is no significant correlation between its independent variables. According to Gujarati (2013), if the

correlation coefficient between independent variables is > 0.8 , indicating that the model has a multicollinearity problem. Conversely, if the correlation coefficient is < 0.8 , indicating that is considered free from multicollinearity problems (Ghozali, 2016).

Table 4.2 Multicollinearity Test Results

	X1	X2	X3	X4	C1	C2
X1	1.000000	0.229112	0.160692	-0.076267	-0.096512	0.033187
X2	0.229112	1.000000	0.302382	0.167950	0.317151	0.050254
X3	0.160692	0.302382	1.000000	0.061513	0.446246	-0.233623
X4	-0.076267	0.167950	0.061513	1.000000	-0.142605	0.246406
C1	-0.096512	0.317151	0.446246	-0.142605	1.000000	-0.297713
C2	0.033187	0.050254	-0.233623	0.246406	-0.297713	1.000000

Source: processed data 2025, using EvIEWS 12

As can be seen from table 4.2, the multicollinearity test results indicate that all independent variables in the dataset have values well below 0.8. This suggested that there is no significant multicollinearity among the independent variables, allowing for reliable coefficient estimates in regression analysis. The absence of multicollinearity is a positive indication for the validity of the regression model.

4.4 Panel Data Regression Model Selection

Testing the panel data regression model was the essential initial step to determine the correct model specification among Common Effect Model, Fixed Effect Model, or Random Effect Model. Table below represented the result of testing the panel data regression model.

Table 4.3 Result of Common Model Panel Data Regression Test

Dependent Variable: Y
Method: Panel Least Squares
Date: 05/21/25 Time: 18:05
Sample: 2018 2023
Periods included: 6
Cross-sections included: 17
Total panel (balanced) observations: 102

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	0.502310	0.093456	5.374851	0.0000
Employee pressure	0.004370	0.006686	0.653615	0.5149
External Assurance	0.124159	0.019979	6.214479	0.0000
Board of Director	-0.002389	0.003290	-0.725967	0.4696
Independent Commissioner	-0.015711	0.060568	-0.259387	0.7959
Asset	-0.009430	0.004995	-1.887945	0.0621
ROA	-0.000586	0.000930	-0.629464	0.5306
Root MSE	0.081701	R-squared		0.326130
Mean dependent var	0.471288	Adjusted R-squared		0.283569
S.D. dependent var	0.100018	S.E. of regression		0.084658
Akaike info criterion	-2.034246	Sum squared resid		0.680856
Schwarz criterion	-1.854100	Log likelihood		110.7465
Hannan-Quinn criter.	-1.961299	F-statistic		7.662775
Durbin-Watson stat	0.824701	Prob(F-statistic)		0.000001

Source: processed data 2025, using Eviews 12

Table 4.4 Result of Fix Model Panel Data Regression Test

Dependent Variable: Y
Method: Panel Least Squares
Sample: 2018 2023
Periods included: 6
Cross-sections included: 17
Total panel (balanced) observations: 102

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-3.118381	0.887503	-3.513658	0.0007
Employee pressure	0.031197	0.046119	0.676442	0.5007
External Assurance	0.063959	0.024946	2.563884	0.0122
Board of Director	0.041834	0.015892	2.632401	0.0102
Independent Commissioner	0.488793	0.210086	2.326632	0.0225
Asset	0.222835	0.059050	3.773649	0.0003
ROA	-0.003022	0.001953	-1.547685	0.1257
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.058550	R-squared	0.653917	
Mean dependent var	0.471288	Adjusted R-squared	0.557539	
S.D. dependent var	0.100018	S.E. of regression	0.066530	
Akaike info criterion	-2.386878	Sum squared resid	0.349671	
Schwarz criterion	-1.794972	Log likelihood	144.7308	
Hannan-Quinn criter.	-2.147195	F-statistic	6.784938	
Durbin-Watson stat	1.297680	Prob(F-statistic)	0.000000	

Source: processed data 2025, using Eviews 12

To determine the appropriate regression model for panel data, several tests was applied including the **Chow Test** for model to select whether to use a common effects regression or a fixed effects model in panel data analysis; **Hausman Test** for comparing fixed and random effects; and **The Lagrange Multiplier (LM) Test** is used to determine whether a random effects model is appropriate for panel data analysis compared to a fix effects model. The results of the Chow Test, Hausman Test and The Lagrange Multiplier (LM) Test as follows.

4.4.1 Chow Test

The Chow Test is used to determine whether the coefficients in two different regression models (typically a random model versus a fixed effects model) are equal. This test helps to decide whether to use a random regression or a fixed effects model in panel data analysis. The result of Chow Test is shown as below table :

Table 4.5 Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.676468	(16,79)	0.0000
Cross-section Chi-square	67.968510	16	0.0000

Cross-section fixed effects test equation:
Dependent Variable: Y
Method: Panel Least Squares
Sample: 2018 2023
Periods included: 6
Cross-sections included: 17
Total panel (balanced) observations: 102

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	0.502310	0.093456	5.374851	0.0000
Employee pressure	0.004370	0.006686	0.653615	0.5149
External Assurance	0.124159	0.019979	6.214479	0.0000
Board of Director	-0.002389	0.003290	-0.725967	0.4696
Independent Commissioner	-0.015711	0.060568	-0.259387	0.7959
Asset	-0.009430	0.004995	-1.887945	0.0621
ROA	-0.000586	0.000930	-0.629464	0.5306
Root MSE	0.081701	R-squared		0.326130
Mean dependent var	0.471288	Adjusted R-squared		0.283569
S.D. dependent var	0.100018	S.E. of regression		0.084658
Akaike info criterion	-2.034246	Sum squared resid		0.680856
Schwarz criterion	-1.854100	Log likelihood		110.7465
Hannan-Quinn criter.	-1.961299	F-statistic		7.662775
Durbin-Watson stat	0.824701	Prob(F-statistic)		0.000001

Source: processed data 2025, using Eviews 12

As can be seen from table 4.5, the Chow test results indicate that P-value (0.000001) is less than 0.05, we reject the null hypothesis. This indicated that there is a significant difference between the coefficients of the random model and the fixed effects model. Therefore, the fixed effects model is more appropriate for this data set than the random model.

4.4.2 Hausman Test

The Hausman Test is used to determine whether to use a fixed effects model or a random effects model in panel data analysis. The result of Hausman Test is shown as below table :

Table 4.6 Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	38.407739	6	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
Employee pressure	0.031197	0.003193	0.002047	0.5359
External Assurance	0.063959	0.133314	0.000306	0.0001
Board of Director	0.041834	0.000312	0.000233	0.0065
Independent Commissioner	0.488793	0.032459	0.037897	0.0191
Asset	0.222835	-0.008693	0.003443	0.0001
ROA	-0.003022	0.000117	0.000003	0.0560

Cross-section random effects test equation:

Dependent Variable: Y

Method: Panel Least Squares

Sample: 2018 2023

Periods included: 6

Cross-sections included: 17
Total panel (balanced) observations: 102

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-3.118381	0.887503	-3.513658	0.0007
Employee pressure	0.031197	0.046119	0.676442	0.5007
External Assurance	0.063959	0.024946	2.563884	0.0122
Board of Director	0.041834	0.015892	2.632401	0.0102
Independent Commissioner	0.488793	0.210086	2.326632	0.0225
Asset	0.222835	0.059050	3.773649	0.0003
ROA	-0.003022	0.001953	-1.547685	0.1257
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.058550	R-squared	0.653917	
Mean dependent var	0.471288	Adjusted R-squared	0.557539	
S.D. dependent var	0.100018	S.E. of regression	0.066530	
Akaike info criterion	-2.386878	Sum squared resid	0.349671	
Schwarz criterion	-1.794972	Log likelihood	144.7308	
Hannan-Quinn criter.	-2.147195	F-statistic	6.784938	
Durbin-Watson stat	1.297680	Prob(F-statistic)	0.000000	

Source: processed data 2025, using Eviews 12

As can be seen from table 4.6, the Hausman test results indicate that the P-value of cross-section (0.000000) is less than 0.05, we reject the null hypothesis. This indicated that a significant difference between the coefficients of the fixed effects model and the random effects model. Therefore, the fixed effects model is more appropriate for this data set than the random effects model. Based on the results of the Hausman Test, it is recommended to use the fixed effects model for further analysis of the panel data

4.5 Hypothesis Test

Hypothesis testing is a fundamental aspect of statistical analysis to determine whether to accept or reject the hypothesis. Below is several hypothesis test is used including its result and evaluate the validity of hypotheses and draw meaningful conclusions.

4.5.1 Coefficient of Determination (R^2) Test

The primary purpose of Coefficient of Determination (R^2) Test is to evaluate how well the regression model fits the data. A higher value suggests a better fit, indicating that the independent variables (Employee Pressure, External Assurance, Board of Directors Size, Size of Independent Commissioner) explain a significant portion of the variance in the dependent variable (Sustainability Report Disclosure).

The result of Coefficient of Determination (R) shown as below table:

Table 4.7 Result of Coefficient of Determination (R^2) Test

0.058550	R-squared	0.653917
0.471288	Adjusted R-squared	0.557539
0.100018	S.E. of regression	0.066530
-2.386878	Sum squared resid	0.349671
-1.794972	Log likelihood	144.7308
-2.147195	F-statistic	6.784938
1.297680	Prob(F-statistic)	0.000000

Source: processed data 2025, using Eviews 12

As can be seen from table 4.8, the result of Adjusted R-squared is 0.557539. This indicated that approximately 55 % of the variability in Sustainability Report Disclosure Index (SRDI) or quality of sustainability report can be explained by the independent variable while the remaining 45% can be explained by other variables outside this research.

4.5.2 F-Test Result

F-Test is used to assess the overall significance of a regression model and to determine if the independent variables simultaneously have a significant effect on the dependent variable. The result of F-Test shown as below table:

Table 4.8 Result of F-Test

0.058550	R-squared	0.653917
0.471288	Adjusted R-squared	0.557539
0.100018	S.E. of regression	0.066530
-2.386878	Sum squared resid	0.349671
-1.794972	Log likelihood	144.7308
-2.147195	F-statistic	6.784938
1.297680	Prob(F-statistic)	0.000000

Source: processed data 2025, using Eviews 12

As can be seen from table 4.9, indicated that P-value (0.000000) is less than 0.05, we reject the null hypothesis. This indicated that the overall model is statistically significant as well as independent variables simultaneously have a significant effect on the dependent variable.

4.5.3 T-Test Result

The t-statistic test is used to determine the extent to which the independent variable partially influences the dependent variable. If the significance value of the t-test is less than 5%, it can be concluded that the independent variable has a partial significant influence on the dependent variable. Conversely, if the significance value is greater than 5%, then it can be assumed that the independent variable did not have a partial significant influence on the dependent variable. The result of T-Test shown as below table:

Table 4.9 Result of T-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-3.118381	0.887503	-3.513658	0.0007
Employee pressure	0.031197	0.046119	0.676442	0.5007
External Assurance	0.063959	0.024946	2.563884	0.0122
Board of Director	0.041834	0.015892	2.632401	0.0102
Independent Commissioner	0.488793	0.210086	2.326632	0.0225
Asset	0.222835	0.059050	3.773649	0.0003
ROA	-0.003022	0.001953	-1.547685	0.1257

Source:processed data 2025, using Eviews 12

As can be seen from the table 4.10, the following conclusion can be drawn:

1. P-value of Employee Pressure variable (X-1) was 0.5007 which is more than the significance value of 0.05 and the coefficient value was 0.031197. This indicated that the null hypothesis is rejected. In other words, the Employee Pressure variable is found to have no partial impact on the quality of sustainability reports..
2. P-value of **External Assurance** variable (X-2) was 0.0122 which is less than the significance value of 0.05 and the coefficient value was 0.063959. This indicated that the null hypothesis. In other words, the variable of External Assurance has a significant positive impact partially on quality of sustainability reports.
3. P-value of **Board of Directors Size** variable (X-3) was 0.0102 which is less than the significance value of 0.05 and the coefficient value was 0.041834. This indicates that the null hypothesis. In other words, the variable of Board

of Directors Size has a significant positive impact partially on quality of sustainability reports.

4. P-value of **Size of Independent Commissioner** (X-4) was 0.0225 which is less than the significance value of 0.05 and the coefficient value was 0.488793. This indicated that we accept the null hypothesis. In other words, the variable of Size of Independent Commissioner has a significant positive impact partially on the quality of sustainability reports.
5. P-value of **Asset** (C1) as 1st variable control was 0.0003 which is less than the significance value of 0.05 and the coefficient value was 0.222835. This indicates that we accept the null hypothesis. In other words, the variable of Size of Independent Commissioner has a significant positive impact partially on the quality of sustainability reports.
6. P-value of Return on Assets (ROA) (C-2) as 2st variable control was 0.1257 which is more than the significance value of 0.05 and the coefficient value was (-0.003022). This indicates that we reject the null hypothesis. In other words, the variable of employee pressure partially does not impact on the quality of sustainability reports.

4.6 Analysis Result of Regression Test of Panel Data

As shown on previous model selection test that the appropriate model to use in this study was the fix effects model. The fix effects model shown as below table:

Table 4.10 Fix Effects Model

Dependent Variable: Y
Method: Panel Least Squares

Date: 05/21/25 Time: 14:25
Sample: 2018 2023
Periods included: 6
Cross-sections included: 17
Total panel (balanced) observations: 102

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.118381	0.887503	-3.513658	0.0007
X1	0.031197	0.046119	0.676442	0.5007
X2	0.063959	0.024946	2.563884	0.0122
X3	0.041834	0.015892	2.632401	0.0102
X4	0.488793	0.210086	2.326632	0.0225
K1	0.222835	0.059050	3.773649	0.0003
K2	-0.003022	0.001953	-1.547685	0.1257

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	0.058550	R-squared	0.653917
Mean dependent var	0.471288	Adjusted R-squared	0.557539
S.D. dependent var	0.100018	S.E. of regression	0.066530
Akaike info criterion	-2.386878	Sum squared resid	0.349671
Schwarz criterion	-1.794972	Log likelihood	144.7308
Hannan-Quinn criter.	-2.147195	F-statistic	6.784938
Durbin-Watson stat	1.297680	Prob(F-statistic)	0.000000

Source:processed data 2025, using Eviews 12

Based on the fix effects results shown in table 10 above, the panel data regression model equation can be formulated as follows:

$$\text{SRDI} = -3.118381 + 0.031197 (\text{EPR}) + 0.063959 (\text{EAS}) + 0.041834 (\text{BOD}) + 0.488793 (\text{BOC}) + 0.222835 (\text{AST}) - 0.003022 (\text{ROA}) + e$$

Description

- SRDI = Sustainability Report Disclosure Index
- EPR = Employee Pressure
- EPR = External Assurance

- BOD = Board of Directors Size
- BOC = Board of Independent Commissioner Size
- AST = Asset
- ROA = Return on Assets (ROA)
- e = Error

The interpretation of the formulated panel data regression equation can be described as follows.

1. Employee Pressure (X1):

The regression coefficient for employee pressure is **0.031197**, indicating that a one-unit increase in employee pressure is associated with a **0.031197 unit increase** in the disclosure of sustainability reports (**Y**), assuming all other variables are held constant. However, the **p-value of 0.5007** is **greater than 0.05**, which means this relationship is **not statistically significant**.

2. External Assurance (X2):

The coefficient for external assurance is **0.063959**, suggesting that a one-unit increase in external assurance leads to an increase of **0.063959 units** in the disclosure of sustainability reports. The **p-value of 0.0122** is **less than 0.05**, indicating a **statistically significant** positive effect.

3. Board of Directors Size (X3):

The regression coefficient for board of directors size is **0.041834**, meaning that each additional member on the board is associated with a **0.041834 unit increase** in the disclosure of sustainability reports, holding other factors constant. The **p-value of 0.0102** is **below 0.05**, confirming that the effect is **statistically significant**.

4. Board of Independent Commissioners Size (X4):

The coefficient for the size of the board of independent commissioners is **0.488793**, indicating that a one-unit increase in the number of independent commissioners is associated with a **0.488793 unit increase** in the disclosure of sustainability reports. The **p-value of 0.0225** is also **less than 0.05**, making this effect **statistically significant**.

4.7 Discussion

4.7.1 Employee pressure impacts on the disclosure of sustainability reports.

The statistical results indicate that employee pressure does not have a significant impact on the disclosure of sustainability reports, with a significance value of $0.5007 > 0.05$. This means that first hypothesis (**H1**) is not supported. This finding contradicts the expectations of Stakeholder Theory, which suggests that employee voices should influence organizational sustainability practices and reporting.

Supporting this result, previous research by Novius (2023) found that employee pressure had no significant effect on sustainability disclosure among companies listed in the LQ-45 index from 2019 to 2022. The study suggests that even though employees may exert some pressure, it does not necessarily translate into enhanced disclosure in sustainability reports. This could be due to limited communication channels between employees and management, or a greater emphasis by companies on other stakeholder groups deemed more influential. Such findings highlight a potential gap in stakeholder engagement where employee perspectives are underrepresented or undervalued in sustainability reporting processes.

4.7.2 External assurance impact on the disclosure of sustainability reports

The statistical results revealed that the Statistical Significance value is $0.0122 < 0.05$. This indicated that external assurance has a positive and meaningful impact on the quality of sustainability reports. Hence, the Second Hypothesis (**H2**) is supported. The significant positive impact of external assurance on the quality of sustainability reports aligned with Legitimation Theory. Organizations that seek external validation of their sustainability efforts can enhance their credibility and legitimacy in the eyes of stakeholders.

These results are in line with previous research by Nugrahani & Rohmah (2023), which states that external assurance has an impact on the sustainability report preparation process. This aligns with legitimacy theory, which suggests that legal assurance of sustainability reports can enhance confidence in the integrity of the report preparation process, thereby producing high-quality sustainability reports.

4.7.3 The Size of the board of directors impact on the disclosure of sustainability reports

The statistical results revealed that the Statistical Significance value is $0.0102 < 0.05$. This indicated that Size of the board of directors has a positive and meaningful impact on the quality of sustainability reports. Hence, (**H3**) is supported. The positive effects of the

sizes of the board of directors on sustainability report quality can also be explained through Legitimation Theory. A larger board of directors may bring diverse perspectives and expertise, which can enhance the organization's ability to address sustainability issues effectively. This diversity can lead to more comprehensive and credible sustainability reporting, thereby legitimizing the organization's efforts in the eyes of stakeholders. As well as can also be explained through Stakeholder Theory that the positive impact of board director size on sustainability reporting quality reflects the importance of stakeholder representation in governance. A larger board director may be more effective in addressing the diverse interests of stakeholders, leading to more robust sustainability practices and reporting. This aligned with Stakeholder Theory, which advocated for organizations to consider the needs and expectations of all stakeholders to achieve long-term success.

These results are not in line with previous studies by Herawaty et al. (2021) and Dewi & Ramantha (2021), which state that a larger board of directors positively influences corporate sustainability accountability to stakeholders.

4.7.4 The size of the board of independent commissioners impact on the disclosure of sustainability reports

The statistical results revealed that the Statistical Significance value is $0.0225 < 0.05$. This indicated that Size of the size of the board of commissioners had a positive and meaningful impact on the quality of sustainability reports. Hence, **(H4)** is supported. The positive effects of board of independent commissioners size on sustainability report quality can

also be explained through Legitimation Theory. A larger board of independent commissioners may bring diverse perspectives and expertise, which can enhance the organization's ability to address sustainability issues effectively. This diversity can lead to more comprehensive and credible sustainability reporting, thereby legitimizing the organization's efforts in the eyes of stakeholders. As well as can also be explained through Stakeholder Theory that the positive impact of size of board independent commissioners size on sustainability reporting quality reflects the importance of stakeholder representation in governance. A larger board independent commissioners may be more effective in addressing the diverse interests of stakeholders, leading to more robust sustainability practices and reporting. This aligned with Stakeholder Theory, which advocated for organizations to consider the needs and expectations of all stakeholders to achieve long-term success.

The findings of this study align with previous research indicating that the proportion of independent commissioners on the board has a positive effect on the disclosure of sustainability reports. Specifically, the study by Grediani and Kapti (2023) found that a higher proportion of independent commissioners correlates with increased transparency and accountability in sustainability reporting

CHAPTER V

CONCLUSION AND SUGGESTION

5.1. Conclusion

This research aimed to analyze the impact of employee pressure, external Assurance, Board of Directors Size and Board of Independent Commissioner Size toward the disclosure of sustainability reports on companies listed in the LQ45 Index over a period of six years from 2018 up to 2023. Based on the on the findings and interpretations of statistic analysis, here are several conclusion:

1. Employee pressure did not have a significant impact on the disclosure of sustainability reports of companies listed in the LQ45 Index over a period of six years from 2018 to 2023. In conclusion, employees were less involved and participated minimally in sustainability initiatives. Thus, they were less motivated to provide ideas and input in sustainable practices and initiatives.
2. External assurance had a positive and meaningful impact on the disclosure of sustainability reports of companies listed in the LQ45 Index over a period of six years from 2018 to 2023. In conclusion, external assurance served as a signal to stakeholders that the organization is committed to transparency and accountability, thereby improving the disclosure of sustainability reports.
3. The size of the board of directors had a positive and meaningful impact on the disclosure of sustainability reports of companies listed in the LQ45 Index over a period of six years from 2018 to 2023. In conclusion, a larger board of directors may bring diverse perspectives and expertise, which can enhance the organization's ability to address sustainability issues effectively and improve the disclosure of sustainability reports.

4. The size of the board of independent commissioners had a positive and meaningful impact on the disclosure of sustainability reports of companies listed in the LQ45 Index over a period of six years from 2018 to 2023. In conclusion, a board of independent commissioners with professional backgrounds may bring diverse perspectives, expertise, and an objective view, which can enhance the organization's ability to address sustainability issues effectively and improve the disclosure of sustainability reports.

5.2. Limitations of Research

Identifying the limitations of the research is crucial for understanding the context and applicability of the findings. Here are several potential limitations of the research regarding the impact of various factors on the disclosure of sustainability report:

1. **Extensive Data Collection Requirements:** This research was conducted by data collection process was the significant amount of time and attention to detail required. This was primarily due to the large number of companies that needed to be input manually. Each entry had to be carefully reviewed and recorded to ensure accuracy and consistency, which made the process time-consuming and labor-intensive. As a result, any human error in data entry could potentially affect the overall reliability of the data.
2. **Affecting of External Environment:** The research may not account for external factors such as economic conditions, and societal pressures that can significantly impact sustainability reporting practices and quality.

3. **Stakeholder Influence:** The research may not fully capture the complexity of stakeholder influences on sustainability reporting, including varying expectations and demands from different stakeholder groups.
4. **Limited Qualitative Insights:** This research primarily employs quantitative methods, it may miss out on qualitative insights that could provide a deeper understanding of the motivations, challenges, and perceptions surrounding sustainability reporting.
5. **Uncontrolled Variables:** There may be other confounding variables that were not controlled for in the analysis, which could have influenced the results. Based on the findings, here are some suggestions for organizations and future researchers regarding factors that affect the quality of sustainability reports.

5.3. Implication of Research

The implications of the research regarding the impact of various factors on the quality of sustainability reports are significant for organizations, stakeholders, and policymakers. Here are the key implications:

1. **Improved disclosure of sustainability report:** The findings suggested that organizations should prioritize external assurance and effective governance structures (such as board of independent commissioners size and composition) to enhance the quality of their sustainability reports. This can lead to more transparent and credible reporting, which is essential for stakeholder trust.
2. **Increased Stakeholder Involvement:** The research highlights the importance of engaging various stakeholders, including employees, in sustainability practices.

Organizations should develop strategies to incorporate stakeholder feedback into their sustainability reporting processes, fostering a sense of ownership and accountability.

3. **Promoting a Sustainability Culture:** The research suggested that organizations should cultivate a culture of sustainability that encourages employee involvement and commitment. This cultural shift can lead to more effective sustainability initiatives and reporting.

5.4. Suggestion

1. **Explore Employee Perspectives:** Is necessary for future research to conduct qualitative research to explore employee perceptions of sustainability practices and reporting within organizations. Understanding their views can provide insights into how to enhance employee engagement and reporting quality.
2. **Cross-Industry Comparisons:** Perform comparative studies across different industries to understand how sector-specific factors influence the quality of sustainability reports. This can help identify unique challenges and best practices in sustainability reporting.
3. **Impact of Regulatory Changes:** Investigate how changes in regulations and GRI standards related to sustainability reporting affect organizational practices and report quality. Understanding the implications of regulatory frameworks can guide organizations in compliance and reporting.

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ATTACHMENT

Attachment 1 Data Company

No.	Company Name	Code
1	Astra International Tbk	ASII
2	Bank Central Asia Tbk (BCA)	BBCA
3	Bank Negara Indonesia Tbk	BBNI
4	Bank Mandiri Tbk	BMRI
5	XL Axiata Tbk	EXCL
6	Indah Kiat Pulp & Paper Tbk	INKP
7	Indocement Tunggal Prakarsa	INTP
8	Indo Tambangraya Megah Tbk	ITMG
9	Kalbe Farma Tbk	KLBF
10	Perusahaan Gas Negara Tbk	PGAS
11	Bukit Asam Tbk	PTBA
12	PP (Pembangunan Perumahan) Tbk	PTPP
13	Chandra Asri Petrochemical	TPIA
14	United Tractors Tbk	UNTR
15	Unilever Indonesia Tbk	UNVR
16	Wijaya Karya Tbk	WIKA
17	Vale Indonesia Tbk	INCO

Attachment 2 Standard GRI Material Topic

GRI STANDARD	DISCLOSURE	
ECONOMIC PERFORMANCE (2016)	GRI 201-1	Direct economic value generated and distributed
	GRI 201-2	Financial implications and other risks and opportunities due to climate change
	GRI 201-3	Defined benefit plan obligations and other retirement plans
	GRI 201-4	Financial assistance received from government
MARKET PRESENCE	GRI 202-1	Ratios of standard entry level wage by gender compared to local
	GRI 202-2	Proportion of senior management hired from the local community
INDIRECT ECONOMIC IMPACTS (2016)	GRI 203-1	Infrastructure investments and services supported
	GRI 203-2	Significant indirect economic impacts
PROCUREMENT PRACTICES (2016)	GRI 204-1	Proportion of spending on local suppliers
ANTI-CORRUPTION (2016)	GRI 205-1	Operations assessed for risks related to corruption
	GRI 205-2	Communication and training about anti-corruption policies and procedures
	GRI 205-3	Confirmed incidents of corruption and actions taken
ANTI-COMPETITIVE BEHAVIOR (2016)	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
TAX (2019)	GRI 207-1	Approach to tax
	GRI 207-2	Tax governance, control, and risk management
	GRI 207-3	Stakeholder engagement and management of concerns related to tax

	GRI 207-4	Country-by-country reporting
MATERIALS (2016)	GRI 301-1	Materials used by weight or volume
	GRI 301-2	Recycled input materials used
	GRI 301-3	Reclaimed products and their packaging materials
ENERGY (2016)	GRI 302-1	Energy consumption within the organization
	GRI 302-2	Energy consumption outside of the organization
	GRI 302-3	Energy intensity
	GRI 302-4	Reduction of energy consumption
	GRI 302-5	Reductions in energy requirements of products and services
WATER AND EFFLUENTS (2018)	GRI 303-1	Interactions with water as a shared resource
	GRI 303-2	Management of water discharge-related impacts
	GRI 303-3	Water withdrawal
	GRI 303-4	Water discharge
	GRI 303-5	Water consumption
EMISSIONS (2016)	GRI 305-1	Direct (Scope 1) GHG emissions
	GRI 305-2	Energy indirect (Scope 2) GHG emissions
	GRI 305-3	Other indirect (Scope 3) GHG emissions
	GRI 305-4	GHG emissions intensity
	GRI 305-5	Reduction of GHG emissions
	GRI 305-6	Emissions of ozone-depleting substances (ODS)
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
EFFLUENTS AND WASTE (2016)	GRI 306-1	Water discharge by quality and destination
	GRI 306-2	Waste by type and disposal method
	GRI 306-3	Significant spills
	GRI 306-4	Transport of hazardous waste

DIVERSITY AND EQUAL OPPORTUNITY (2016)	GRI 405-1	Diversity of governance bodies and employees
	GRI 405-2	Ratio of basic salary and remuneration of women to men
NON-DISCRIMINATION (2016)	GRI 406-1	Incidents of discrimination and corrective actions taken
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)	GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
CHILD LABOR (2016)	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor
FORCED OR COMPULSORY LABOR (2016)	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
SECURITY PRACTICES (2016)	GRI 410-1	Security personnel trained in human rights policies or procedures
RIGHTS OF INDIGENOUS PEOPLES (2016)	GRI 411-1	Incidents of violations involving rights of indigenous peoples
HUMAN RIGHTS ASSESSMENT (2016)	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments or impact assessments
	GRI 412-2	Employee training on human rights policies or procedures
	GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human include human rights clauses or that underwent human rights screening
LOCAL COMMUNITIES (2016)	GRI 413-1	Operations with local community engagement, impact assessments, and development programs assessments, and development programs
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities impacts on local communities
SUPPLIER SOCIAL ASSESSMENT (2016)	GRI 414-1	New suppliers that were screened using social criteria
	GRI 414-2	Negative social impacts in the supply chain and actions taken
PUBLIC POLICY (2016)	GRI 415-1	Political contributions

CUSTOMER HEALTH AND SAFETY (2016)	GRI 416-1	Assessment of the health and safety impacts of product and service categories
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
MARKETING AND LABELING (2016)	GRI 417-1	Requirements for product and service information and labeling
	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling
	GRI 417-3	Incidents of non-compliance concerning marketing communications
CUSTOMER PRIVACY (2016)	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
SOCIOECONOMIC COMPLIANCE (2016)	GRI 419-1	Non-compliance with laws and regulations in the social and economic area

Attachment 3 Data Board of Directors

No	Company Name	Year	Board of Directors
1	Astra International Tbk.	2018	10
2		2019	10
3		2020	9
4		2021	10
5		2022	10
6		2023	12
7	Bank Central Asia Tbk.	2018	13
8		2019	13
9		2020	13
10		2021	13
11		2022	13
12		2023	13
13		2018	13

14	Bank Negara Indonesia (Persero) Tbk.	2019	13
15		2020	13
16		2021	13
17		2022	13
18		2023	13
19	Bank Mandiri (Persero) Tbk.	2018	13
20		2019	13
21		2020	13
22		2021	13
23		2022	13
24		2023	13
25	XL Axiata Tbk.	2018	9
26		2019	9
27		2020	9
28		2021	9
29		2022	9
30		2023	9
31	Vale Indonesia Tbk.	2018	7
32		2019	7

33		2020	7
34		2021	7
35		2022	7
36		2023	7
37	Indah Kiat Pulp & Paper Tbk.	2018	7
38		2019	7
39		2020	7
40		2021	7
41		2022	7
42		2023	7
43	Indocement Tunggal Prakarsa Tbk.	2018	7
44		2019	7
45		2020	7
46		2021	7
47		2022	7
48		2023	7
49	Indo Tambangraya Megah Tbk.	2018	10
50		2019	10
51		2020	10

52		2021	10
53		2022	10
54		2023	10
55	Kalbe Farma Tbk.	2018	6
56		2019	6
57		2020	6
58		2021	6
59		2022	6
60		2023	6
61	Perusahaan Gas Negara Tbk.	2018	6
62		2019	6
63		2020	6
64		2021	6
65		2022	6
66		2023	7
67	Bukit Asam Tbk.	2018	5
68		2019	5
69		2020	5
70		2021	5

71		2022	5
72		2023	5
73	PP (Persero) Tbk.	2018	6
74		2019	6
75		2020	6
76		2021	6
77		2022	6
78		2023	6
79	Chandra Asri Petrochemical Tbk.	2018	15
80		2019	15
81		2020	15
82		2021	15
83		2022	15
84		2023	15
85	United Tractors Tbk.	2018	6
86		2019	6
87		2020	6
88		2021	6
89		2022	6

90		2023	7
91	Unilever Indonesia Tbk.	2018	8
92		2019	8
93		2020	8
94		2021	8
95		2022	8
96		2023	8
97	Wijaya Karya (Persero) Tbk.	2018	7
98		2019	7
99		2020	7
100		2021	7
101		2022	7
102		2023	7

Attachment 4 Data Board of Commissioner

No	Company Name	Year	Board of Commissioner
1	Astra International Tbk.	2018	10
2		2019	10
3		2020	10
4		2021	11
5		2022	10
6		2023	11
7	Bank Central Asia Tbk.	2018	5
8		2019	5
9		2020	5
10		2021	5
11		2022	5
12		2023	5
13	Bank Negara Indonesia	2018	10
14	(Persero) Tbk.	2019	10

15		2020	10
16		2021	10
17		2022	10
18		2023	11
19	Bank Mandiri (Persero) Tbk.	2018	10
20		2019	10
21		2020	10
22		2021	10
23		2022	10
24		2023	10
25	XL Axiata Tbk.	2018	7
26		2019	7
27		2020	7
28		2021	7
29		2022	7
30		2023	7
31	Vale Indonesia Tbk.	2018	7
32		2019	7
33		2020	10

34		2021	10
35		2022	10
36		2023	10
37	Indah Kiat Pulp & Paper Tbk.	2018	7
38		2019	7
39		2020	7
40		2021	7
41		2022	7
42		2023	7
43	Indocement Tunggal Prakarsa Tbk.	2018	7
44		2019	7
45		2020	7
46		2021	7
47		2022	7
48		2023	7
49	Indo Tambangraya Megah Tbk.	2018	10
50		2019	10
51		2020	10
52		2021	10

53		2022	10
54		2023	10
55	Kalbe Farma Tbk.	2018	9
56		2019	9
57		2020	9
58		2021	9
59		2022	9
60		2023	9
61	Perusahaan Gas Negara Tbk.	2018	7
62		2019	7
63		2020	7
64		2021	7
65		2022	7
66		2023	7
67	Bukit Asam Tbk.	2018	6
68		2019	6
69		2020	6
70		2021	6
71		2022	6

72		2023	6
73	PP (Persero) Tbk.	2018	6
74		2019	6
75		2020	6
76		2021	6
77		2022	6
78		2023	6
79	Chandra Asri Petrochemical Tbk.	2018	15
80		2019	15
81		2020	15
82		2021	15
83		2022	15
84		2023	15
85	United Tractors Tbk.	2018	9
86		2019	9
87		2020	9
88		2021	9
89		2022	9
90		2023	9

91	Unilever Indonesia Tbk.	2018	5
92		2019	5
93		2020	5
94		2021	5
95		2022	5
96		2023	5
97	Wijaya Karya (Persero) Tbk.	2018	6
98		2019	6
99		2020	6
100		2021	6
101		2022	6
102		2023	6

Attachment 5 Data Board of Commissioner independent

No	Company Name	Year	Total Commissioner independent	Commissioner independent
1	Astra International Tbk.	2018	3	0.30
2		2019	3	0.30
3		2020	3	0.30
4		2021	4	0.36
5		2022	4	0.40
6		2023	5	0.45
7	Bank Central Asia Tbk.	2018	3	0.60
8		2019	3	0.60
9		2020	3	0.60
10		2021	3	0.60
11		2022	3	0.60
12		2023	3	0.60
13		2018	3	0.30

14	Bank Negara Indonesia (Persero) Tbk.	2019	3	0.30
15		2020	3	0.30
16		2021	3	0.30
17		2022	3	0.30
18		2023	3	0.27
19	Bank Mandiri (Persero) Tbk.	2018	3	0.30
20		2019	3	0.30
21		2020	3	0.30
22		2021	3	0.30
23		2022	3	0.30
24		2023	3	0.30
25	XL Axiata Tbk.	2018	3	0.43
26		2019	3	0.43
27		2020	3	0.43
28		2021	3	0.43
29		2022	3	0.43
30		2023	3	0.43
31	Vale Indonesia Tbk.	2018	2	0.29
32		2019	2	0.29

33		2020	3	0.30
34		2021	3	0.30
35		2022	3	0.30
36		2023	3	0.30
37	Indah Kiat Pulp & Paper Tbk.	2018	2	0.29
38		2019	2	0.29
39		2020	2	0.29
40		2021	2	0.29
41		2022	2	0.29
42		2023	3	0.43
43	Indocement Tunggal Prakarsa Tbk.	2018	2	0.29
44		2019	2	0.29
45		2020	2	0.29
46		2021	2	0.29
47		2022	2	0.29
48		2023	3	0.43
49	Indo Tambangraya Megah Tbk.	2018	3	0.30
50		2019	3	0.30
51		2020	3	0.30

52		2021	3	0.30
53		2022	3	0.30
54		2023	3	0.30
55	Kalbe Farma Tbk.	2018	3	0.33
56		2019	3	0.33
57		2020	3	0.33
58		2021	3	0.33
59		2022	3	0.33
60		2023	3	0.33
61	Perusahaan Gas Negara Tbk.	2018	2	0.29
62		2019	2	0.29
63		2020	3	0.43
64		2021	3	0.43
65		2022	3	0.43
66		2023	4	0.57
67	Bukit Asam Tbk.	2018	1	0.17
68		2019	1	0.17
69		2020	1	0.17
70		2021	1	0.17

71		2022	1	0.17
72		2023	1	0.17
73	PP (Persero) Tbk.	2018	2	0.33
74		2019	2	0.33
75		2020	2	0.33
76		2021	2	0.33
77		2022	2	0.33
78		2023	3	0.50
79	Chandra Asri Petrochemical Tbk.	2018	4	0.27
80		2019	4	0.27
81		2020	4	0.27
82		2021	4	0.27
83		2022	4	0.27
84		2023	5	0.33
85	United Tractors Tbk.	2018	2	0.22
86		2019	2	0.22
87		2020	2	0.22
88		2021	2	0.22
89		2022	2	0.22

90		2023	3	0.33
91	Unilever Indonesia Tbk.	2018	4	0.80
92		2019	4	0.80
93		2020	4	0.80
94		2021	4	0.80
95		2022	4	0.80
96		2023	4	0.80
97	Wijaya Karya (Persero) Tbk.	2018	3	0.50
98		2019	3	0.50
99		2020	3	0.50
100		2021	3	0.50
101		2022	3	0.50
102		2023	3	0.50

Attachment 6 Data Employee Pressure

No	Company Name	Year	Employee Pressure	
			Total Employee	Log Natural
1	Astra International Tbk.	2018	11368	9.3386
2		2019	11036	9.3089
3		2020	11147	9.3189
4		2021	11257	9.3287
5		2022	10400	9.2496
6		2023	11000	9.3057
7	Bank Central Asia Tbk.	2018	24941	10.1243
8		2019	24789	10.1182
9		2020	24603	10.1106
10		2021	23952	10.0838
11		2022	24508	10.1068
12		2023	26917	10.2005
13		2018	27120	10.2080

14	Bank Negara Indonesia (Persero) Tbk.	2019	28478	10.2569
15		2020	28908	10.2719
16		2021	29085	10.2780
17		2022	27170	10.2099
18		2023	27570	10.2245
19	Bank Mandiri (Persero) Tbk.	2018	3092	8.0366
20		2019	3044	8.0209
21		2020	3006	8.0084
22		2021	2966	7.9950
23		2022	2934	7.9841
24		2023	3023	8.0140
25	XL Axiata Tbk.	2018	1633	7.3982
26		2019	1606	7.3815
27		2020	1614	7.3865
28		2021	1575	7.3620
29		2022	1878	7.5380
30		2023	1983	7.5924
31	Vale Indonesia Tbk.	2018	38307	10.5534
32		2019	39065	10.5730

33		2020	38247	10.5518
34		2021	37840	10.5411
35		2022	38200	10.5506
36		2023	38965	10.5704
37	Indah Kiat Pulp & Paper Tbk.	2018	226439	12.3302
38		2019	218773	12.2958
39		2020	203348	12.2227
40		2021	187365	12.1408
41		2022	182612	12.1151
42		2023	135785	11.8188
43	Indocement Tunggal Prakarsa Tbk.	2018	3973	8.2873
44		2019	3773	8.2356
45		2020	3607	8.1906
46		2021	3454	8.1473
47		2022	3349	8.1164
48		2023	3217	8.0762
49	Indo Tambangraya Megah Tbk.	2018	4054	8.3075
50		2019	4154	8.3318
51		2020	4068	8.3109

52		2021	4242	8.3528
53		2022	4220	8.3476
54		2023	4230	8.3500
55	Kalbe Farma Tbk.	2018	16802	9.7293
56		2019	17354	9.7616
57		2020	17616	9.7766
58		2021	18300	9.8147
59		2022	12609	9.4422
60		2023	13108	9.4810
61	Perusahaan Gas Negara Tbk.	2018	2804	7.9388
62		2019	3119	8.0453
63		2020	3324	8.1089
64		2021	3239	8.0830
65		2022	3198	8.0703
66		2023	3316	8.1065
67	Bukit Asam Tbk.	2018	4433	8.3968
68		2019	4668	8.4485
69		2020	2057	7.6290
70		2021	1827	7.5104

71		2022	1599	7.3771
72		2023	1561	7.3531
73	PP (Persero) Tbk.	2018	1008	6.9157
74		2019	1028	6.9354
75		2020	1066	6.9717
76		2021	1140	7.0388
77		2022	1149	7.0466
78		2023	1151	7.0484
79	Chandra Asri Petrochemical Tbk.	2018	2062	7.6314
80		2019	2044	7.6227
81		2020	1946	7.5735
82		2021	1806	7.4989
83		2022	1784	7.4866
84		2023	1780	7.4844
85	United Tractors Tbk.	2018	21370	9.9697
86		2019	22536	10.0229
87		2020	22532	10.0227
88		2021	23078	10.0466
89		2022	32682	10.3946

90		2023	37017	10.5191
91	Unilever Indonesia Tbk.	2018	5140	8.5448
92		2019	5139	8.5446
93		2020	5222	8.5606
94		2021	4949	8.5069
95		2022	4849	8.4865
96		2023	4589	8.4314
97	Wijaya Karya (Persero) Tbk.	2018	2595	7.8613
98		2019	2767	7.9255
99		2020	2834	7.9494
100		2021	3535	8.1705
101		2022	3527	8.1682
102		2023	3999	8.2938

Attachment 7 Data Assets

No	Company Name	Year	Asset	
			Total Asset	Log Natural
1	Astra International Tbk.	2018	344,711.00	12.75
2		2019	351,958.00	12.77
3		2020	338,203.00	12.73
4		2021	367,311.00	12.81
5		2022	413,297.00	12.93
6		2023	445,670.00	13.01
7	Bank Central Asia Tbk.	2018	824,788.00	13.62
8		2019	918,989.00	13.73
9		2020	1,075,570.00	13.89
10		2021	1,228,345.00	14.02
11		2022	1,314,732.00	14.09
12		2023	1,381,000.00	14.14
13	Bank Negara Indonesia (Persero) Tbk.	2018	808,572.00	13.60
14		2019	845,605.00	13.65

15		2020	891,337.00	13.70
16		2021	964,838.00	13.78
17		2022	1,029,837.00	13.84
18		2023	1,080,000.00	13.89
19	Bank Mandiri (Persero) Tbk.	2018	1,202,252.00	14.00
20		2019	1,411,244.00	14.16
21		2020	1,541,964.00	14.25
22		2021	1,725,611.00	14.36
23		2022	1,992,544.00	14.50
24		2023	2,174,200.00	14.59
25	XL Axiata Tbk.	2018	57,614.00	10.96
26		2019	62,725.00	11.05
27		2020	67,745.00	11.12
28		2021	67,744.00	11.12
29		2022	87,277.00	11.38
30		2023	87,680.00	11.38
31	Vale Indonesia Tbk.	2018	2,202,452.00	14.61
32		2019	2,222,688.00	14.61
33		2020	2,314,658.00	14.65

34		2021	2,472,828.00	14.72
35		2022	2,658,116.00	14.79
36		2023	2,920,000.00	14.89
37	Indah Kiat Pulp & Paper Tbk.	2018	8,751.00	9.08
38		2019	8,502.00	9.05
39		2020	8,496.00	9.05
40		2021	8,978.00	9.10
41		2022	9,640.00	9.17
42		2023	10,130.00	9.22
43	Indocement Tunggul Prakarsa Tbk.	2018	27,788.00	10.23
44		2019	27,707.00	10.23
45		2020	27,344.00	10.22
46		2021	25,706.00	10.15
47		2022	26,136.00	10.17
48		2023	19,230.00	9.86
49	Indo Tambangraya Megah Tbk.	2018	1,442,728.00	14.18
50		2019	1,209,041.00	14.01
51		2020	1,158,629.00	13.96
52		2021	1,666,239.00	14.33

53		2022	2,640,177.00	14.79
54		2023	2,188,000.00	14.60
55	Kalbe Farma Tbk.	2018	18,146.00	9.81
56		2019	20,264.00	9.92
57		2020	22,564.00	10.02
58		2021	25,666.00	10.15
59		2022	27,241.00	10.21
60		2023	27,060.00	10.21
61	Perusahaan Gas Negara Tbk.	2018	7,939,273.00	15.89
62		2019	7,373,713.00	15.81
63		2020	7,533,986.00	15.83
64		2021	7,510,948.00	15.83
65		2022	7,194,859.00	15.79
66		2023	6,599,000.00	15.70
67	Bukit Asam Tbk.	2018	24,172.00	10.09
68		2019	26,098.00	10.17
69		2020	24,056.00	10.09
70		2021	36,123.00	10.49
71		2022	45,359.00	10.72

72		2023	38,870.00	10.57
73	PP (Persero) Tbk.	2018	50,201.00	10.82
74		2019	55,998.00	10.93
75		2020	53,408.00	10.89
76		2021	55,573.00	10.93
77		2022	57,612.00	10.96
78		2023	56,525.00	10.94
79	Chandra Asri Petrochemical Tbk.	2018	3,173,486.00	14.97
80		2019	3,451,211.00	15.05
81		2020	3,593,707.00	15.09
82		2021	4,993,060.00	15.42
83		2022	4,929,871.00	15.41
84		2023	5,065,000.00	15.44
85	United Tractors Tbk.	2018	116,281.00	11.66
86		2019	111,713.00	11.62
87		2020	99,800.00	11.51
88		2021	112,561.00	11.63
89		2022	140,478.00	11.85
90		2023	153,753.00	11.94

91	Unilever Indonesia Tbk.	2018	20,327.00	9.92
92		2019	20,649.00	9.94
93		2020	20,535.00	9.93
94		2021	19,069.00	9.86
95		2022	18,318.00	9.82
96		2023	16,664.00	9.72
97	Wijaya Karya (Persero) Tbk.	2018	59,230.00	10.99
98		2019	62,110.00	11.04
99		2020	68,109.00	11.13
100		2021	69,385.00	11.15
101		2022	76,821.00	11.25
102		2023	78,456.00	11.27

Attachment 8 Data Profitability

No	Company Name	Year	Profitability (ROA)		
			Net Income	Total Asset	ROA
1	Astra International Tbk.	2018	21,673.00	344,711.00	6.29%
2		2019	21,707.00	351,958.00	6.17%
3		2020	16,164.00	338,203.00	4.78%
4		2021	20,190.00	367,311.00	5.50%
5		2022	28,940.00	413,297.00	7.00%
6		2023	33,840.00	445,670.00	7.59%
7	Bank Central Asia Tbk.	2018	25,852.00	824,788.00	3.13%
8		2019	28,570.00	918,989.00	3.11%
9		2020	27,147.00	1,075,570.00	2.52%
10		2021	31,440.00	1,228,345.00	2.56%
11		2022	40,756.00	1,314,732.00	3.10%
12		2023	36,890.00	1,381,000.00	2.67%
13	Bank Negara Indonesia (Persero) Tbk.	2018	15,015.00	808,572.00	1.86%
14		2019	15,384.00	845,605.00	1.82%
15		2020	3,280.00	891,337.00	0.37%

16		2021	10,898.00	964,838.00	1.13%
17		2022	18,312.00	1,029,837.00	1.78%
18		2023	11,190.00	1,080,000.00	1.04%
19	Bank Mandiri (Persero) Tbk.	2018	33,980.00	1,202,252.00	2.83%
20		2019	36,431.00	1,411,244.00	2.58%
21		2020	18,398.00	1,541,964.00	1.19%
22		2021	30,551.00	1,725,611.00	1.77%
23		2022	44,952.00	1,992,544.00	2.26%
24		2023	37,830.00	2,174,200.00	1.74%
25	XL Axiata Tbk.	2018	3,296.00	57,614.00	5.72%
26		2019	713.00	62,725.00	1.14%
27		2020	371.00	67,745.00	0.55%
28		2021	1,287.00	67,744.00	1.90%
29		2022	1,121.00	87,277.00	1.28%
30		2023	2,000.00	87,680.00	2.28%
31	Vale Indonesia Tbk.	2018	60,512.00	2,202,452.00	2.75%
32		2019	57,400.00	2,222,688.00	2.58%
33		2020	82,819.00	2,314,658.00	3.58%
34		2021	165,797.00	2,472,828.00	6.70%

35		2022	200,401.00	2,658,116.00	7.54%
36		2023	218,000.00	2,920,000.00	7.47%
37	Indah Kiat Pulp & Paper Tbk.	2018	894.00	8,751.00	10.22%
38		2019	560.00	8,502.00	6.59%
39		2020	531.00	8,496.00	6.25%
40		2021	858.00	8,978.00	9.56%
41		2022	1,138.00	9,640.00	11.80%
42		2023	637.00	10,130.00	6.29%
43	Indocement Tunggal Prakarsa Tbk.	2018	1,859.00	27,788.00	6.69%
44		2019	1,835.00	27,707.00	6.62%
45		2020	1,806.00	27,344.00	6.60%
46		2021	1,788.00	25,706.00	6.96%
47		2022	1,842.00	26,136.00	7.05%
48		2023	441.00	19,230.00	2.29%
49	Indo Tambangraya Megah Tbk.	2018	258,756.00	1,442,728.00	17.94%
50		2019	126,502.00	1,209,041.00	10.46%
51		2020	37,828.00	1,158,629.00	3.26%
52		2021	475,390.00	1,666,239.00	28.53%
53		2022	1,199,345.00	2,640,177.00	45.43%

54		2023	500,330.00	2,188,000.00	22.87%
55	Kalbe Farma Tbk.	2018	2,457.00	18,146.00	13.54%
56		2019	2,507.00	20,264.00	12.37%
57		2020	2,733.00	22,564.00	12.11%
58		2021	3,184.00	25,666.00	12.41%
59		2022	3,382.00	27,241.00	12.42%
60		2023	2,770.00	27,060.00	10.24%
61	Perusahaan Gas Negara Tbk.	2018	304,991.00	7,939,273.00	3.84%
62		2019	67,584.00	7,373,713.00	0.92%
63		2020	264,773.00	7,533,986.00	3.51%
64		2021	303,823.00	7,510,948.00	4.05%
65		2022	326,239.00	7,194,859.00	4.53%
66		2023	278,090.00	6,599,000.00	4.21%
67	Bukit Asam Tbk.	2018	5,023.00	24,172.00	20.78%
68		2019	4,056.00	26,098.00	15.54%
69		2020	2,386.00	24,056.00	9.92%
70		2021	7,909.00	36,123.00	21.89%
71		2022	12,567.00	45,359.00	27.71%
72		2023	6,142.00	38,870.00	15.80%

73	PP (Persero) Tbk.	2018	1,958.00	50,201.00	3.90%
74		2019	1,048.00	55,998.00	1.87%
75		2020	266.00	53,408.00	0.50%
76		2021	361.00	55,573.00	0.65%
77		2022	365.00	57,612.00	0.63%
78		2023	481.00	56,525.00	0.85%
79	Chandra Asri Petrochemical Tbk.	2018	182,316.00	3,173,486.00	5.74%
80		2019	23,647.00	3,451,211.00	0.69%
81		2020	51,542.00	3,593,707.00	1.43%
82		2021	151,869.00	4,993,060.00	3.04%
83		2022	-149,399.00	4,929,871.00	-3.03%
84		2023	33,580.00	5,065,000.00	0.66%
85	United Tractors Tbk.	2018	11,498.00	116,281.00	9.89%
86		2019	11,134.00	111,713.00	9.97%
87		2020	5,632.00	99,800.00	5.64%
88		2021	10,608.00	112,561.00	9.42%
89		2022	22,993.00	140,478.00	16.37%
90		2023	20,610.00	153,753.00	13.40%
91		2018	9,109.00	20,327.00	44.81%

92	Unilever Indonesia Tbk.	2019	7,393.00	20,649.00	35.80%
93		2020	7,164.00	20,535.00	34.89%
94		2021	5,758.00	19,069.00	30.20%
95		2022	5,365.00	18,318.00	29.29%
96		2023	4,800.00	16,664.00	28.80%
97	Wijaya Karya (Persero) Tbk.	2018	186.00	59,230.00	0.31%
98		2019	118.00	62,110.00	0.19%
99		2020	-60.00	68,109.00	-0.09%
100		2021	-7,128.00	69,385.00	-10.27%
101		2022	-2,267.00	76,821.00	-2.95%
102		2023	-1,914.00	78,456.00	-2.44%