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DO STAKEHOLDER PRESSURE AND PROFITABILITY MATTER TO THE QUALITY OF SUSTAINABILITY REPORT?

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Abstract

This research aims to examine the relationship between stakeholder pressure (SP) and sustainability reporting quality (SRQ). This research method is quantitative. The sample for this research is manufacturing companies listed in the Indonesia Stock Exchange (IDX) in 2020-2022. The research data source uses financial report data, annual reports, and sustainability reports. Stakeholders pressure' impact, with its 4 main indicators, on the quality of the company's sustainability report. Moreover, this study also evaluate the role of profitability in strengthening the stakeholders pressure's influence on sustainability reporting quality. The results show that stakeholder pressure is proven to have a positive and significant effect on sustainability reporting quality and the profitability also strengthens the effect.

Keywords
Stakeholder Pressure, Sustainability Report

1. Introduction

Environmental problems are serious issues and require special attention because they have long-term impacts. Moreover, currently environmental conditions are being threatened by the business activity processes carried out by companies. Often the business processes carried out by companies do not think about the impact on the environment, such as pollution, environmental degradation, ecosystem damage and climate change. Therefore, companies must apply the principles of good corporate governance. According to Utama & Lastiati (2019) Good Corporate Governance as the implementation of good company principles, of course cannot be separated from transparency, participation and accountability. Transparency, participation and accountability measures will certainly create trust, good risk management and strengthen and maintain the company's reputation. Transparency also helps stakeholders understand the business and make the right decisions. According to Rachmawati, Gani, & Rossieta (2017), financial information as presented in financial reports only presents the company's historical transactions so it does not inform about changes in the environment and cannot be used to predict the company in the future. Maximizing revenue and profits and being responsible towards stakeholders had always been the main reason of most companies. This, however, have been shifted. Companies are now expected to not only focus on the interests of management and shareholders, but also have the ability to pay attention to their stakeholders: employees, consumers and society as a whole.

So that in the current era of globalization the business environment no longer only focuses on financial reports, but also sustainability reports which are a combination of sustainable aspects: financial, social and environmental (Mulya & Prabowo, 2018).

Over the past few years, many companies have begun to try to balance corporate goals with environmental sustainability, hence the increasing awareness on the importance of sustainability and the social and environmental impacts of their operations. Apart from that, there are also increasing demands from various parties that force companies to carry out their responsibilities towards society. Demand for disclosing good sustainability reports does not only come from external parties, but also comes from internal parties (Rudyanto & Siregar, 2018), includes from the shareholders.

Stakeholder pressure refers to the expectations and demands for companies to publish transparent, accurate and comprehensive sustainability reports. With this, companies do not only think about the interests of their entities

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but must also pay attention to the interests of stakeholders. This is the main principle of stakeholder theory. When a company has tried to do everything to make its stakeholders satisfied, it can be said that the company has shown good performance (Nabiilah & Lastiati, 2024)

In company business activities, stakeholders hold a certain level of influence on the achievement of company goals. Under this pressure exerted by the stakeholders, companies are required to improve the quality of reporting in practices and communication regarding their social responsibilities to the higher level of quality (Alfaiz & Aryati, 2019). This is in line with the research results of Rudyanto & Siregar (2018) which found that companies that experience greater pressure from the environment and consumers (stakeholders) tend to have better sustainability report quality (SRQ).

According to Fernandez-Feijoo, Romero, & Ruiz (n.d.) in Suharyani, Ulum, & Jati (2019), there are four main stakeholder groups: consumers, investors, employees, and the environment. Their research found that the four main stakeholders have a positive and significant influence on the quality of sustainability reports, while research from Michael & Lukman (2019) reveals that employee pressure and environmental pressure have no effect on the quality of sustainability reports. Apart from that, previous research conducted by Rudyanto & Siregar (2018) revealed that industrial orientation towards employees and investors has a negative effect on the quality of sustainability reports, while an industrial orientation that is sensitive to the environment and closely connected with consumers has a positive effect on the quality of sustainability reports.

Moreover, research conducted by Alfaiz & Aryati (2019) found that industries which are employee-oriented and closely related to consumers have a positive effect on the quality of sustainability reports. In contrast, industries that are sensitive to the environment, industries that are investor-oriented have a negative influence on the quality of sustainability reports.

Companies that generate profits tend to be more motivated to disclose information about their business operations to gain recognition or legitimacy from their stakeholders (Orazalin & Mahmood, 2019). So, in this research profitability is considered as moderating factor that can influence the impact of stakeholder pressure on sustainability report quality (SRQ). ROA (Return On Asset) ratio is used as a method for calculating profitability, as it an indicate the ability of a company's assets to generate its net profits.

Based on the arguments above, the researcher aims to analyze the influence of stakeholder pressure on sustainability report quality (SRQ) with profitability as a moderating variable. This research uses samples from manufacturing sector companies listed on the Indonesia Stock Exchange for the 2020-2022 period. This research develops literature on stakeholder pressure on sustainability report quality (SRQ), and also provides valuable insights and data for companies in identifying risks and opportunities related to the environment and to the communities. With the results of this study, it is expected that companies can make better strategic decisions based on relevant information, and improve the quality of disclosure on the companies' sustainability performance.

1.1 Objectives

1. To research and analyze positive influence of stakeholder pressure on sustainability report quality (SRQ)
2. To research and analyze profitability in strengthening the influence of stakeholder pressure on sustainability report quality (SRQ)

2. Literature Review

Stakeholder Theory

Stakeholder theory is a theory that states how companies pay attention to and fulfill the interests of their stakeholders rather than just operating for their own interests. Therefore, the existence of stakeholders certainly greatly influences the survival of the company. Based on support from stakeholders, corporate responsibility, which was previously only seen in terms of economic indicators, must now shift to take into account social factors, both internal and external (Yanti, Endiana, & Pramesti, 2021).

Rudyanto & Siregar (2018) argue that stakeholder theory is one of the main theories used as a basis for sustainability reports. In stakeholder theory, it is stated that the management framework within a company is implemented to improve business performance and company accountability, while still providing benefits to company stakeholders.

Stakeholders certainly need to get information reported by the company regarding its business activities in order to make decisions. By creating a sustainability report, it shows the company's obligations towards

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stakeholders, where the sustainability report conveys detailed information about the social and environmental initiatives carried out by the company, along with their impacts. The goal is for stakeholders to have confidence in the company. So, the link between sustainability reports and the impact of stakeholders has a strong connection (Hamudiana & Achmad, 2017). Tauringana (2021) also believes that stakeholder pressure can be a determinant or driving factor for disclosure of sustainability reports.

Legitimacy Theory

Legitimacy theory is a mechanism implemented by companies that focus on the interests of society and the environment to ensure that their activities run within limits. Companies must be responsive to the boundaries that society considers socially acceptable, so that companies can continue to operate smoothly (Thanaya, Aryantini, & Widanaputra, 2019).

When it does not have legitimacy, in maintaining the sustainability of its operations the company will face challenges in a society that continues to develop, even though the company has good financial performance. This statement is reinforced by Aulia & Hadinata (2019) who state that companies will suffer consequences if the company fails to legitimize its operational activities, because the public already has awareness of the environmental impacts they cause. This argument makes it clear that companies must maintain their environmental relations with the surrounding community because it will have a direct impact on the continuity of the company's operations.

Rudyanto & Siregar (2018) in their research explained that according to legitimacy theory, companies that are sensitive to the environment generally have higher quality sustainability reports to validate the legitimacy of their company's operations. This is of course caused by the community or environmental groups demanding that companies restore the environment that has been damaged by their operational activities. For this reason, companies need to fulfill these demands by carrying out social responsibility activities and reporting them through sustainability reports.

Sustainability Report

A sustainability report can be interpreted as a report that provides information regarding social, economic and environmental performance that encourages sustainable growth for a company (Herlambang, Hidayat, & Anshori, 2021). By disclosing a sustainability report, it shows efforts to create a company that is accountable, transparent, responsible to stakeholders, both internal and external. Sustainability reports are not just a source of financial report information, but can be used as an aid in evaluating and making decisions for stakeholders, especially creditors and investors. Because creditors and investors do not want losses caused by companies that ignore environmental and social aspects (Dharma, Damayanti, & Djunaidy, 2021).

There are standards that underlie the preparation of sustainability reports which are usually called GRI (Global Reporting Initiative). In Jawas & Sulfitri's research, (2022) stated that the GRI standards were prepared to increase global competitiveness and the quality of information regarding the impacts, thus encouraging higher corporate transparency and accountability. The content covered in the sustainability report is the company's operational activities related to economic, environmental, social and corporate governance performance. Currently there are a total of 91 indicator items in the GRI G4 assessment. Disclosure of sustainability reports in a company is based on the indicators disclosed. The more indicators disclosed, the higher the quality of the sustainability report.

Stakeholder Pressure Has a Positive Influence on Sustainability Report Quality (SRQ)

The continuity of company operations is greatly influenced by stakeholders, without the involvement of stakeholders the company cannot operate. One of the factors a company discloses in its sustainability report is pressure from stakeholders. Research conducted by Fernandez-Feijoo, Romero, & Ruiz (n.d.), Hamudiana & Achmad, (2017), and Rudyanto & Siregar (2018) shows that there are four main stakeholder groups, namely consumers (Consumer-Proximity Industry/CPI), investors (Investor -Oriented Industry/IOI), employees (Employee-Oriented Industry/EOI), and the environment (Environmentally Sensitive Industry/ESI).

Based on the results of other research, it is revealed that investor- and employee-oriented industries have a high influence on the transparency of sustainability reports. Then industries with high environmental pressures force companies to disclose their sustainability reports more transparently. The more employees there are in a company, the higher the pressure for transparency they demand from the company. This also happens if the

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company has investor pressure, the higher the investor pressure, the company must carry out transparency in sustainability reports so that it indicates the company is increasing investor confidence in the capital market, because in Nabiilah & Lastiati's research (2024) it is stated that investors have a tendency to be careful in make an investment. Apart from that, according to Hamudiana & Achmad, (2017) consumer loyalty has a positive correlation with the company's business performance, where consumer loyalty can increase profits for the company. This can put pressure on companies from the consumer aspect to carry out transparency, especially sustainability reports, so that companies do not lose loyalty from consumers which can affect their profits.

H1: Stakeholder pressure has a positive effect on sustainability report quality (SRQ)

Profitability Strengthens the Influence of Stakeholder Pressure on Sustainability Report Quality (SRQ)

From the profits obtained from the business activities carried out, companies must return them for the welfare of society, repair the damage caused, and produce benefits for stakeholders (Wulandari & Zulhaimi, 2018). Purnamasari & Masyithoh (2017) say profitability gives management the freedom and flexibility to fulfill their social responsibilities to stakeholders. Then, to increase consumer interest and thus increase profitability, companies will try to project their image by increasing the transparency of their sustainability reports. To achieve company success, one of which is increasing profitability, companies need employees to achieve this. The higher the company's profitability, the greater the level of employee pressure so that the company provides good environmental performance. Finally, from the investor's side, with high profits it is certainly possible for companies to use their profits to improve the company's image, namely carrying out good environmental responsibility so as to increase the company's value in the eyes of investors.

H2: Profitability strengthens the influence of stakeholder pressure on sustainability report quality (SRQ)

Operational Variables

Sustainability report Quality (SRQ)

The dependent variable (Y) in this research is sustainability report quality (SRQ) referring to research conducted by Suharyani, Ulum, & Jati (2019), namely using sustainability report content analysis based on GRI G4 standards.

The weight assessment given depends on the completeness of the disclosed report, 1 = indicators are disclosed and 0 = indicators are not disclosed. The formula used to calculate the total weight results for each item analyzed is as follows:

$$\text{DISCGRI} = \frac{\text{Total Score Revealed}}{\text{Maximum Number of Scores Disclosed}}$$

Stakeholder Pressure

The independent variable in this research is stakeholder pressure using 4 main indicators, namely environmental pressure, employee pressure, consumer pressure and investor pressure.

A. Environment Pressure

An empowerment from the environment emerges through a sense of group concern. This group demands that companies be held accountable for the environmental activities they have carried out (Rudyanto & Siregar, 2018). To classify environmental pressure, use an assessment based on the environmental category aspects disclosed in the sustainability report in accordance with the GRI G4 standards, which consist of 34 indicators (Suharyani, Ulum, & Jati, 2019). Then the results of these indicators will be calculated using the formula:

$$\text{ENVPRESS} = \frac{\text{Total Score Revealed}}{\text{Number of Environmental Category Aspect Indicators}}$$

B. Employee Pressure

Malayu in Hartoko (2016) states that employees are the main asset owned by a company, because without employees the company's operational activities will not run.

Therefore, employee pressure is one that has the potential for strong pressure on the company. The more employees there are in the company, the higher the pressure for transparency they demand from the company. Based on previous research (Rudyanto & Siregar, 2018) the employee pressure variable is carried out using the employee natural logarithm calculation approach, namely with the formula:

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

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C. Consumer Pressure

Based on previous research conducted by Suh aryani, Ulum, & Jati (2019), consumer pressure is assessed based on social category aspects disclosed in the company's sustainability report which consists of 4 indicators regarding health and safety and customer privacy. Next, the indicator will be calculated using the formula:

$$\text{CONSPRESS} = \frac{\text{Total Score Revealed}}{\text{Number of Health and Safety Category Aspect Indicators and Customer Privacy}}$$

D. Investor Pressure

Investor pressure on the disclosure of sustainability reports refers to the encouragement and demands given by investors to companies to transparently and comprehensively disclose information regarding their company's environmental, social and governance performance and impacts. In research, Lastiati, Siregar, Diyanty, & Samingun (2020), stated that company decisions can be influenced by the majority shareholder, so it can be said that investors as shareholders have a strong role in company decisions. Based on research by Rudyanto & Siregar, (2018), measuring investor pressure is seen from the level of concentration of ownership structure, namely:

$$\text{INVPRESS} = \frac{\text{Number of Shares Held Parent Company Majority}}{\text{Total Shares}}$$

Profitability

In this research, profitability is used as a moderating variable because profitability can be an indicator that shows a company's financial performance. This is based on the statement by Hapsoro & Sulistyarini (2019) which states that profitability gives companies confidence to voluntarily report social responsibility. If they achieve a high level of profitability, companies will certainly be increasingly motivated to disclose quality sustainability reports to gain a positive view that supports their company's image and reputation in the eyes of stakeholders.

In this research, the ratio used is Return On Assets (ROA). ROA can indicate the ability of a company's assets to generate net profits. If the level of profit obtained from assets increases, this will indicate an increase in the amount of net profit achieved. Financial performance plays a very fundamental role for a company because it can reflect the condition of the company and is a factor considered by stakeholders in decision making.

$$\text{ROA} = \frac{\text{Profit After Tax}}{\text{Total Asset}} \text{ x } 100$$

Firm Size

Company size (firm size) is the control variable in this research. The number of employees, total assets, and total sales can be used to calculate company size. By referring to research by Rudyanto & Siregar (2018), this research uses the calculation of the natural logarithm of total assets, namely:

Firm Size = Ln (Total Assets)

Sales Growth

The final control variable in this research is sales growth. Sales growth can influence the disclosure of sustainability reports because it can show the quality of an entity's work in competing with the same industrial area, thereby increasing company value. Sales growth can reflect how the market accepts a product or service offered and can be a benchmark for assessing how quickly sales are increasing. The following is the formula used to calculate sales growth according to Musaidah, et al (2016):

$$\text{Sales Growth} = \frac{\text{St} - \text{S(t}-1)}{\text{S(t}-1)}$$

3. Methods

The data used in this research is through a quantitative approach with the type of data used is secondary data. The aim of quantitative research is to measure, analyze and understand phenomena using number-based data or measurable variables. Quantitative research data is usually collected through survey methods, experimental testing, structured observation, or the use of existing secondary data. The data used is secondary data in the form of annual reports and financial reports. This secondary data can be accessed on the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id) as well as the official websites of companies.

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To test the first hypothesis, namely Stakeholder Pressure towards Sustainability Report Quality (SRQ), the research model used is:

$$SRQit = \beta 0 + \beta 1SPit + \beta 2SIZEit + \beta 3\text{GROWTH}it + \varepsilon$$

For the second hypothesis, namely testing whether profitability strengthens the influence of Stakeholder Pressure on Sustainability Report Quality (SRQ). So testing is carried out using the following model:

$$SRQit = \beta 0 + \beta 1SPit + \beta 2ROAit + \beta 3SP * ROAit + \beta 4SIZEit + \beta 5GROWTHit + \varepsilon$$

Information:
SRQ = Sustainability Report Quality
SP = Stakeholder Pressure
SIZE = Firm Size (Ukuran Perusahaan)
GROWTH = Sales Growth
ROA = Return On Asset
ε = Error

4. Data Collection

Research population refers to the group of individuals, objects, or entities that are the focus of a study. In research, larger groups relate to a research population, such as a human population, a specific population in a geographic area, a group in society, a business organization, or a particular object to be researched, for example a particular product or service. The population in this study is manufacturing industrial companies listed on the Indonesia Stock Exchange for the period 2020 to 2022.

In order to carry out observations, measurements or tests, the research sample is a subset or small part of the population that is systematically selected to represent that population (Sugiyono, 2019). The sample for this research is manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period which publish financial reports and annual reports and disclose sustainability reports in accordance with the GRI G4 standard.

The research data source uses secondary data. The sampling technique was carried out using purposive sampling, samples were selected based on research objectives and specific needs. Based on the results of the selection carried out using the purposive sampling method, it was found that 47 of the 243 manufacturing companies registered on the IDX and 106 sample for the 2020-2022 period published their financial and annual reports and disclosed sustainability reports periodically.

5. Results and Discussion

5.1 Numerical Results

Table 1. Statistics Descriptive

Variabel	Mean	Std. dev	Min	Max
SRQ	0.3828	0.1018	0.1758	0.6923
SP	0.0154	0.9144	-2.9210	2.3017
ROA	0.0601	0.0867	-0.2824	0.348
SPROA	0.0016	0.0764	-0.3876	0.1735
SIZE	25.6420	3.7828	16.8212	32.6316
GROWTH	0.1294	0.2093	-0.3759	0.6915
SRQ: Sustainability Report Quality; SP: Stakeholder Pressure; ROA: Return on Assets; SIZE: Size of the Company; GROWTH: Sales Growth				

Based on table 1, the results of the descriptive statistical test above show 107 valid data, which is the number of research samples. Where the highest index of sustainability reporting quality (SRQ) is 0.6923. The lowest

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sustainability reporting quality (SRQ) index was 0.1758 with an average value of the sustainability reporting quality (SRQ) index of 0.3816, and a standard deviation of sustainability reporting quality (SRQ) of 0.1014. This shows that the standard deviation value is smaller than the average value, which means that the data tends to be collected and not spread out because there are still many aspects of the GRI standard that have not been disclosed by the company.

The moderating variable profitability is measured using the ROA ratio, this variable has the highest value of 0.348, the lowest value is -0.2824, showing an average of 0.0595 and a standard deviation value of 0.0869. From these results, it can be seen that the standard deviation value of ROA is greater than the average value, which means that the company's ROA value has high variability and fluctuates. For the control variable, namely company size (SIZE), it can be seen in the table that it has the highest value of 32.6316 and the lowest value of 16.8212, and the average value achieved is 25.6739, far exceeding the standard deviation value of 3.7864. This shows that the leverage control variable also has a low variability value and does not fluctuate. The next control variable, namely sales growth (GROWTH), obtained the highest value of 0.6915, the lowest value was -0.3759, showing an average of 0.1279 and a standard deviation value of 0.2097. From these results, it can be seen that the standard deviation value of sales growth (GROWTH) is greater than the average value, which means that the company's sales growth (GROWTH) value has high variability and fluctuates like the profitability variable (ROA).

Analysis Correlation

By using Pearson Correlation in correlation analysis, it will reflect the relationship between the independent variable and the dependent variable. According to Gujarati & Porter (2009), in their research, it is stated that if in a model there is a correlation between variables exceeding 0.8 then it is estimated that multicollinearity problems will arise.

Table 2. Test Result Pearson Correlation

	SRQ	**SP**	**ROA**	**SIZE**	**GROWTH**
SRQ	1.000				
SP	0.8599*	1.000			
ROA	0.0462	0.0352	1.000		
SIZE	0.1154	0.1573	-0.1313	1.000	
GROWTH	0.0700	0.0865	-0.1091	-0.0357	1.000

Based on table 2, it shows that there is a correlation coefficient on the independent variable that exceeds the value of 0.8. So in this research model there is a possibility of multicollinearity problems between the stakeholder pressure (SP) variable and the sustainability report quality (SRQ) variable, this is because these two variables both use sustainability report content analysis by calculating the number of indicators disclosed according to the GRI G4 standard. However, the other variables show that there is no multicollinearity problem.

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Results Panel Data Regression

Tabel 3. Linear Regression Results

Variabel	Prediction	No Moderation			Moderation		
SRQ	+	**Coefficient**	**z**	**P>[z]**	**Coefficient**	**z**	**P>[z]**
SP	+	0.095	17.56	0.000***	0.102	15.16	0.000***
ROA	+	-	-	-	0.090	1.16	0.122
SP*ROA	+	-	-	-	-0.111	-1.61	0.053*
SIZE	+	-0.001	-0.55	0.291	-0.000	-0.42	0.335
GROWTH	+	0.349	2.25	0.012**	0.023	1.42	0.077*
_Cons	+	0.403	8.27	0.000***	0.393	7.96	0.000***
		Prob F (Statistic) 0.0000			Prob F (Statistic) 0.0000		
		R-Squared 0.7091			R-Squared 0.7177		
SRQ: Sustainability Report Quality; SP: Stakeholder Pressure; ROA: Return on Assets; SIZE: size of the company; GROWTH: sales growth; Cons: Constanta *: p-value < 0.100 (10%) **: p-value < 0.050 (5%) ***: p-value < 0.001 (1%)							

Based on table 3 no moderation, it can be explained about the simple linear regression equation, namely the stakeholder pressure (SP) regression coefficient of 0.095, indicating that there is a positive influence between stakeholder pressure (SP) and sustainability report quality (SRQ). Then it has a significant value P>[z] of 0.000. This shows that the higher the stakeholder pressure (SP), the higher the sustainability report quality (SRQ). The result is that the existence of stakeholder pressure will increasingly encourage companies to disclose quality sustainability reporting. With this, hypothesis 1 (H1) can be accepted. These results are in line with the findings in Wang's (2017) research which states that stakeholder involvement is related to sustainability report disclosure (SRD). Apart from that, Alvarez et al, (2017) and Alvarez & Ortas, (2017), also succeeded in proving that SRD can be influenced by stakeholder pressure.

Then for the company size regression coefficient (SIZE), it is equal to -0.001 and the significant value P>[z] is 0.291. This shows that there is a negative influence between company size (SIZE) and sustainability report quality (SRQ). So the results illustrate that the higher the company size (SIZE), the lower the sustainability report quality (SRQ).

The regression coefficient for increasing sales (GROWTH) is 0.349 and the significant value P>[z] is 0.012. Shows that there is a positive influence between increasing sales (GROWTH) and sustainability report quality (SRQ). This shows that the higher the increase in sales (GROWTH), the higher the sustainability report quality (SRQ).

Next, on table 3 moderation, reveals the moderating variable Return On Assets (ROA), where based on the results of the multiple linear regression test, it is known that the P-value of the SP*ROA variable is 0.053, with the profitability value of the SP*ROA variable on SRQ being 0.000 < 0.100 (alpha 10%). However, the SP*ROA regression coefficient is -0.111, indicating that there is a negative influence between the Return On Asset (ROA) moderating variable and the sustainability report quality (SRQ) variable. In other words, when the value of the moderating variable increases (ROA), the impact is a decrease in the value of the dependent variable (SRQ)

With this, hypothesis 2 (H2) in this study is rejected. The results of this research which uses profitability as a moderating variable between stakeholder pressure (SP) on sustainability reporting quality (SRQ) contradicts stakeholder theory and does not support the theory which states that companies that generate profits are generally more motivated to publish information related to their business to stakeholders. in order to gain legitimacy

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(Orazalin N. & Mahmood M, 2019). Alfaiz & Aryati (2019) in their research revealed that profitability is not important for companies in disclosing sustainability reports.

Then for the company size regression coefficient (SIZE), it is equal to -0.000 and the significant value P>[z] is 0.335. This shows that there is a negative influence between company size (SIZE) and sustainability report quality (SRQ). So the results illustrate that the higher the company size (SIZE), the lower the sustainability report quality (SRQ).

According to Dewi S. (2019), large companies tend to withhold information that contains relevant value to avoid tax increases, as well as pressure to carry out social responsibilities. Management prefers to only disclose reports as necessary. The results of this research are in accordance with the findings of Suryono & Prastiwi (2011), Pratama & Yulianto (2015), which show that company size has a negative effect on sustainability report disclosure. The regression coefficient for increasing sales (GROWTH) is 0.023 and the significant value P>[z] is 0.077. Shows that there is a positive influence between increasing sales (GROWTH) and sustainability report quality (SRQ). This shows that the higher the increase in sales (GROWTH), the higher the sustainability report quality (SRQ).

Analysis Coefficient Determination

Based on the results of panel data regression analysis, the R2 coefficient value was 0.7091 or 70.91%, which means that the ability of the stakeholder pressure (SP) variable and profitability variable (ROA) as a moderator in explaining the relationship with the sustainability report quality (SRQ) variable is 70.91%, while the rest 29.09% is explained by other variables.

6. Discussion

The continuity of company operations is greatly influenced by stakeholders, without the involvement of stakeholders the company cannot operate. One of the factors a company discloses in its sustainability report is pressure from stakeholders. Research conducted by Fernandez-Feijoo, Romero, & Ruiz (n.d.), Hamudiana & Achmad (2017), and Rudyanto & Siregar (2018) shows that there are four main stakeholder groups, namely consumers (Consumer Proximity Industry /CPI), investors (Investor Oriented Industry/IOI), employees (Employee Oriented Industry/EOI), and the environment (Environmentally Sensitive Industry/ESI).

Based on the results of other research, it is revealed that investor- and employee-oriented industries have a high influence on the transparency of sustainability reports. Then industries with high environmental pressures force companies to disclose their sustainability reports more transparently. The more employees there are in a company, the higher the pressure for transparency they demand from the company. This also happens if the company has investor pressure. The higher the investor pressure, the company must make its sustainability report transparent so that it indicates the company is increasing investor confidence in the capital market.

From the profits obtained from the business activities carried out, companies must return them for the welfare of society, repair the damage caused, and produce benefits for stakeholders (Wulandari & Zulhaimi, 2018). Purnamasari & Masyithoh (2017) said profitability gives management the freedom and flexibility to fulfill their social responsibilities to stakeholders. Then, to increase consumer interest and thereby increase profitability, companies will try to project their image by increasing the transparency of their sustainability reports. To achieve company success, one of which is increasing profitability, companies need employees to achieve this. The higher the company's profitability, the greater the level of employee pressure so that the company provides good environmental performance. Finally, from the investor's side, with high profits it is certainly possible for companies to use their profits to improve the company's image, namely carrying out good environmental responsibility so as to increase the company's value in the eyes of investors.

Based on table 3, it shows evidence that stakeholders (SP) can influence the quality of sustainability reports (SRQ), but profitability (ROA) cannot strengthen the influence of stakeholder pressure (SP) on the quality of sustainability reports (SRQ).

7. Conclusion

Based on the results of research regarding the influence of stakeholder pressure on sustainability reporting quality with profitability as a moderating variable, it can be concluded that:

1. With a significant value of 0.000 < 0.100 (with alpha 10%) and a stakeholder pressure (SP) regression coefficient value of 0.095, it shows that there is a positive influence between stakeholder pressure (SP) and

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sustainability report quality (SRQ). So it can be concluded that the stakeholder pressure (SP) variable influences the sustainability reporting quality (SRQ) variable, so hypothesis 1 (H1) is accepted.

2. Obtained a P-value of 0.053 with a significance value of 0.000 < 0.100 (alpha 10%), and a coefficient value of -0.111 indicating a negative influence between the Return On Asset (ROA) moderating variable and the sustainability report quality (SRQ) variable. It can be concluded that for companies with high profitability, the influence of stakeholder pressure (SP) on sustainability report quality (SRQ) is not as strong as for companies with low profitability. Therefore, the profitability variable (ROA) in this study does not strengthen the influence of stakeholder pressure (SP) on sustainability report quality (SRQ), so hypothesis 2 (H2) is rejected.

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