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STAKEHOLDER PRESSURE MODERATES INDUSTRY TYPE AND EDUCATION BACKGROUND OF THE BOARD ON SUSTAINABILITY REPORTING

Widya Ningsih[1]*, Nofryanti[2], Iin Rosini[3]
[1.2.3]Postgraduate Faculty of Masters in Accounting, Pamulang University, Indonesia
*Corresponding Author:
widya6933@gmail.com

Abstract
The purpose this research is to obtain empirical evidence regarding Stakeholder Pressure Moderating Industry Type and Educational Background of the Board on Sustainability Reporting. This research used a purposive sampling method in determining the sample with 33 companies as samples and a 5 year observation period from 2018 to 2022 so that 165 observation data were obtained. Research data was obtained through the official website of the Indonesian stock exchange and the websites of each company. Data analysis used E-Views 10 with Common Effect Model panel data regression analysis. The results of the research show that Industry Type has a negative effect on Sustainability Reporting, Educational Background of the Board has no effect on Sustainability Reporting, Stakeholder Pressure moderates the relationship between Industry Type and Sustainability Reporting, and Stakeholder Pressure moderate the relationship between Educational Background of The Board and Sustainability Reporting.

Keywords: Sustainability Reporting, Industry Type, Educational Background of The Board, Stakeholder Pressure

1. Introduction

The main goal of a company in running a business is to maximize profits and enhance the welfare of shareholders. In the course of company operations, many companies focus solely on profits without considering the impact of their operational activities on the environment. The operational activities of companies not only bring positive impacts to the community environment but are also often accompanied by negative impacts (Depan et al., 2018). One of the negative impacts that frequently triggers conflicts between the community and companies is environmental damage.

Environmental damage can occur due to rapid economic growth, leading companies to consume resources excessively, resulting in serious environmental damage within the community (Syahadat & Syah Putra, 2022).

As an example of environmental damage that harms the community in its operational activities, we can look at PT Indo Tambangraya Megah Tbk (ITMG). PT ITMG, through its subsidiary PT IMM, is suspected of polluting the Santan River. JATAM and #BersihkanIndonesia revealed allegations of pollution, violations of water and waste quality standards, and the disappearance of endemic biota in the Santan and Palakan Rivers.

The presence of PT IMM's coal mine has also been reported to increase flood intensity and raise concerns about environmental and public safety risks due to the existence of 53 abandoned mining pits. The area of these mining pits reaches 2,823.73 hectares, equivalent to 32 times the size of the Palaran sports complex in Samarinda, East

Kalimantan. Based on environmental documents, it is alleged that these mining pits have not been closed and have been left open.

From the three sampling points and the results of water quality tests based on the parameters of East Kalimantan Regional Regulation No. 02 of 2011 and Government Regulation No. 82 of 2001 concerning Water Quality Management and Water Pollution Control, it can be concluded that PT Indominco Mandiri (IMM) is suspected of violating both regulations.

The cases of PT ITMG and PT IMM highlight the importance of firm action in addressing environmental damage. The health and safety impacts on residents, the loss of endemic biota, regulatory violations, contributions to the climate crisis, and corporate responsibility are strong reasons why environmental damage must be addressed promptly. Companies must work together with the government, non-governmental organizations, and the wider community to create policies and practices that support environmental sustainability. Based on these phenomena, this research is motivated to investigate the topic of sustainability.

The development of CSR and sustainability is accompanied by corporate awareness to disclose a report that not only covers financial information but also social and environmental information.

This shift encourages the emergence of sustainability reporting.The sustainability report is a report created by a company that contains both positive and negative impacts on the economy, society, and the environment, as well as its contribution to sustainable development (GRI, 2021).

However, the adoption and quality of sustainability reporting in Indonesia are still far from ideal. According to Manase et al. (2022), in Indonesia, sustainability reporting is still voluntary, resulting in some companies not reporting at all. This is supported by the fact that only 90 companies, or about 12.59% of the 625 companies listed on the IDX, have published their sustainability reports. In contrast, the remaining 87.41% have not disclosed this information (Majalah CSR, May 20, 2021).).

Setiawan et al. (2021) state that one of the factors perceived to influence a company's presentation of its social responsibility activities is the company's characteristics. Company characteristics are unique features that distinguish a company from others (Nofita & Sebrina, 2023). According to Nofita & Sebrina (2023), industry type is a company characteristic that includes business fields, business risks, the employees it has, and the company environment.

Karlina et al. (2019) found that the industry type variable, proxied by high profile and low profile, has an impact on sustainability report disclosure. According to Karlina et al. (2019), companies categorized as high profile are more likely to disclose sustainability reports better than low profile companies because high profile companies are more directly involved with natural resources in their business operations. Consequently, the environmental impact of their operational processes is greater compared to low profile companies, which leads to more comprehensive sustainability report disclosures from high profile companies.

This finding is consistent with legitimacy theory, which suggests that companies with high consumer visibility, high political risk, or high competence face greater public demands. Therefore, by disclosing sustainability reports, these companies can gain legitimacy from the public. Thus, the author is motivated to study industry types to evaluate how companies use sustainability reporting to build and maintain their reputations.

The next important factor in supporting sustainability reporting is the board of directors' understanding of sustainability. According to Puspitasari et al. (2023), the educational background of the board of directors is a significant diversity factor that influences the disclosure of sustainability reports. Based on the board of directors' understanding of sustainability, a mindset emerges in realizing their profession, which includes aspects related to corporate sustainability, including sustainability reporting.

Puspitasari et al. (2023) showed that boards of directors and commissioners with strong business and economic knowledge are more adept at making the right business decisions and managing business operations effectively, which ultimately increases the disclosure of sustainability reports (SR). Formal education obtained by members of the board of directors can improve the performance and quality of their social obligations (Damanik & Dewayanto, 2021).

Stakeholder theory emphasizes the importance of taking into account the interests of all parties affected by the company's activities. Disclosure of sustainability reporting helps companies communicate with various stakeholders about how to address social, environmental, and economic issues. So that the Board with an educational background in business and economics is better able to identify and understand these issues. In line with the statement of Puspitasari et al., (2023), considerations of business continuity and capability are also carried out by the board of directors and board of commissioners in meeting stakeholder interests.

According to Lulu (2021), there are several factors, including stakeholder pressure on companies to publish sustainability reports. Stakeholder pressure requires a company to implement and communicate CSR activities in the form of high-quality reports (Alfaiz & Aryati, 2019). This research uses stakeholder pressure as a moderating variable between industry type and the educational background of the board on sustainability reporting, as pressure can influence how a company responds to and manages sustainability disclosure. In line with the research by Ruhiyat et al. (2022), it was found that stakeholder pressure, measured compositely using consumer proximity industry (CPI), investor-oriented industry (IOI), and employee-oriented industry (EOI), has a positive effect on sustainability reporting disclosure. Companies that face greater pressure from stakeholders tend to disclose more comprehensive sustainability reporting.

Therefore, the researcher is interested in expanding previous studies by adopting a title that has the potential to influence sustainability reporting, namely "Stakeholder Pressure as a Moderator between Industry Type and the Educational Background of the Board on Sustainability Reporting (Empirical Study on Non-Financial Companies for the Period 2018-2022 Listed on the Indonesia Stock Exchange)".

2. Theoretical Background

2.1 Legitimacy Theory

Legitimacy theory is a theory first proposed by Dowling and Pfeffer (1975) which focuses on the interaction between companies and society. According to Puspitaningrum & Indriani (2021), this theory considers society to be one of the important factors in the long-term development of a company. A company will strive to gain legitimacy and strengthen the relationships within the social environment where it operates. In its efforts to align its value system, environmental disclosure becomes a way for a company to legitimize its operational activities.

In this study, legitimacy theory is used to explain the variables of industry type and the education background of the board. The variables of industry type and the education

background of the board are expected to increase the publication of sustainability reports to gain legitimacy from society as a form of the company's environmental and social responsibility.

2.2 Stakeholder Theory

Freeman & McVea (1984) define stakeholders as groups that significantly influence the success and failure of an organization. In brief, Freeman describes stakeholder theory as the response of managers to the existing business environment. According to stakeholder theory, a company is not an entity that operates solely for its own interests and profit orientation but is obliged to provide benefits to its stakeholders, which include shareholders, creditors, consumers, suppliers, government, society, analysts, and other parties (Rasyid et al., 2022). Pressure can affect how companies respond to and manage sustainability disclosures. Therefore, through stakeholder theory, it is expected that pressure from stakeholders can increase the need and importance of transparent and responsible disclosures, enabling a more in-depth evaluation of sustainability report disclosures.

2.3 Sustainability Reporting

Elkington (1997) defines a sustainability report as a report that includes not only financial performance information but also non-financial information, consisting of social and environmental activity information that allows a company to grow sustainably (sustainable performance)..Puspitasari et al. (2023) state that the quality of a sustainability report is measured based on the Sustainability Report Disclosure Index (SRDI). This calculation is done by assigning a score of 1 for each item disclosed and a score of 0 for items not disclosed. This study uses the measurements according to Dewi, K. (2022) with GRI standards 2016, which include 145 disclosed items, and (Principles, 2022) with GRI standards 2021, which include 118 disclosed items.

$$\text{SRDI} = \frac{\text{jumlah item yang diungkapkan}}{\text{total item yang harus diungkapkan}} \text{ x } 100\%$$

2.4 Industry Type

Industry type is the classification of a company based on its primary activities. The industry type describes a company based on the scope of operations, business risks, and its ability to face business challenges. Susanti & Alvita (2019) state that Robert (1992), in his journal, classifies industry types based on the criteria of industry risk or sensitivity, namely high profile and low profile. High profile industry companies tend to have high sensitivity, where the risks in terms of politics and competition with other companies are quite high. Industry type is measured using a dummy variable, with a value of 1 for companies categorized as high-profile and a value of 0 for companies categorized as low-profile.

2.5 Education Background of The Board

The educational background of the board of commissioners influences the knowledge they possess (Ahmed and Nicholls, 1994) in (Dewi et al., 2018). With an educational background in business and economics, the board is more likely to disclose comprehensive sustainability information to demonstrate that the company is committed to responsible business practices, thereby increasing credibility and legitimacy in the eyes of the public. The Education Background of the Board is measured by the ratio of the

number of board commissioners and directors with a business and economics education background to the total number of board commissioners and directors (Yopie and Aw, 2021).

2.6 Stakeholder Pressure

In the development of stakeholder theory, Freeman (1984) in Hamudiana & Achmad (2017) identifies the relationship between a company and various groups other than shareholders. Freeman suggests that stakeholders can almost always influence or be influenced by actions. Based on primary stakeholders, Suharyani et al. (2019) state that the measurement of stakeholder pressure is projected into four indicators:2.7 Hypothesis Formulation The variables that will be tested in this research will be developed in a conceptual framework which can be described as follows:

1) Consumer-Proximity Industry (CPI)
   $CPI = \Sigma \frac{\text{CPI items disclosure}}{30}$
2) Environmentally Sensitive Industry (ESI
   $ESI = \Sigma \frac{\text{CPI items disclosure}}{30}$
3) Employee-Oriented Industry (EOI)
   $EOI = \Sigma \frac{\text{EOI items disclosure}}{17}$
4) Investor-Oriented Industry (IOI)
   $IOI = \frac{\text{Parent stocks}}{\text{Total stocks}}$

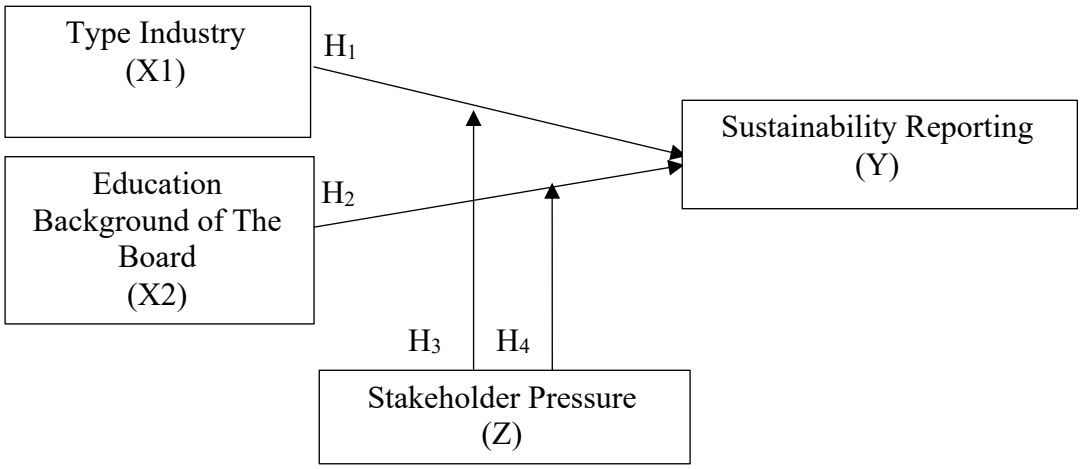

Figure 1. Conceptual Framework

H1: It is suspected that Industry Type affects Sustainability Reporting.
H2: It is suspected that the Education Background of the Board affects Sustainability Reporting.
H3: It is suspected that Stakeholder Pressure moderates the relationship between Industry Type and Sustainability Reporting.
H4: It is suspected that Stakeholder Pressure moderates the relationship between the Education Background of the Board and Sustainability Reporting.

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3. Methods

The type of data used in this study is secondary data, namely annual reports and sustainability reports from companies listed on the Indonesia Stock Exchange for the 2018-2022 period. Data was obtained from www.idx.go.id and the official website of each company. This study uses purposive sampling to determine the sample. The sample consists of 33 companies for 5 years, so the total observation data is 165.

The criteria used in selecting the sample for this study are:

1) Non-Financial Companies listed on the Indonesia Stock Exchange consecutively in the 2018-2022 period.
2) Non-Financial Index Companies that publish annual reports and sustainability reports during the research period on the Indonesia Stock Exchange website or company website during the 2018-2022 period.
3) Companies that disclose the educational background of the board for the 2018-2022 period.
4) Companies that disclose the level of ownership structure concentration for the period 2018-2022

The collected data were then analyzed using descriptive statistics, panel data quality tests, moderated regression analysis, and classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation) and hypothesis tests (t-statistic test, f-statistic test, and coefficient of determination). Data analysis in this study will utilize computer technology, especially Econometric Views (EViews) software version 10. The data in this study will be tested using two types of regression methods: multiple linear regression and Moderated Regression Analysis (MRA). The use of these two regression methods aims to test the effect of independent variables on dependent variables moderated by moderating variables with interval or ratio scales in linear equations. The regression model used is as follows:

First Regression Model Equation:

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3Z + \varepsilon$

Second Regression Model Equation:

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X1 *Z + \beta4X2 *Z + \varepsilon$

Description:

Y: Sustainability Reporting

β0: Constant

β1, β2, β3, β4: Regression Coefficient

X1: Industry Type

X2: Education Background of the Board

Zit: Stakeholder Pressure Ownership

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The purpose of descriptive statistics is to provide an overview of the characteristics of the research variables, which include Stakeholder Pressure, Type Industry and Education Background of the board, in relation to Sustainability Reporting.

Table 1. Descriptive Statistics Result

	TPI	EDB	SRP	SPS
Mean	0.861212	0.598570	0.487158	1.815504
Median	1.000000	0.600000	0.441000	1.773000

Maximum	1.000000	0.900000	0.975000	5.334500
Minimum	0.000000	0.100000	0.165517	0.377900
Std. Dev.	0.323017	0.156702	0.188921	0.689670
Skewness	-2.261669	-0.173491	0.386495	0.804886
Kurtosis	6.223912	2.961232	3.167845	5.980509
Jarque-Bera	212.1226	0.838061	4.301596	78.88927
Probability	0.000000	0.657684	0.116391	0.000000
Sum	142.1000	98.76400	80.38100	299.5582
Sum Sq. Dev.	17.11176	4.027130	5.853332	78.00566
Observations	165	165	165	165

Source: Data processed by researchers with E-Views 10, 2024

From the results of descriptive statistics, the analysis is as follows:

1) Sustainability Reporting Variable: The average value of 0.487158 indicates that the Sustainability Reporting disclosed is still relatively small by looking at the average value which is closer to the minimum value compared to the maximum value. The standard deviation of 0.188921 indicates that the distribution of SRDI among companies in the sample is not too far from the average, which means that the variation or level of distribution is not too large and the majority of sample companies have a relatively similar level of disclosure, the minimum value of 0.165517 or around 16.55% is owned by PT Toba Pulp Lestari Tbk in 2018 while the maximum value of 0.975000 or around 97.50% is owned by Vale Indonesia Tbk and Timah Tbk. in 2022.
2) Industry Type Variable: The average value of 0.861212 approaching 1 indicates that most of the companies in this sample are included in the high profile industry type category and the standard deviation of 0.323017 indicates that although most of the companies are given a value of 1, there are also a number of companies that are given a value of 0, creating variation in the data. the minimum value of 0.000000, is owned by Unilever Indonesia Tbk, Jasa Marga (Persero) Tbk, Wijaya Karya (Persero) Tbk, Waskita Karya (Persero) Tbk. in 2018-2022. While the maximum value of 1,000,000 is owned by Astra Agro Lestari Tbk, Austindo Nusantara Jaya Tbk. PT Toba Pulp Lestari Tbk, Indocement Tunggal Prakarsa Tbk, Semen Indonesia (Persero) Tbk, Timah Tbk, Chandra Asri Petrochemical Tbk, Waskita Beton Precast Tbk, Wijaya Karya Beton Tbk, Astra International Tbk, United Tractors Tbk. Kalbe Farma Tbk, Merck Tbk in 2018-2022
3) Education Background of the Board Variable: The average value of 0.598570 indicates that around 59.86% of the board of commissioners and directors of companies in the sample mostly have educational backgrounds relevant to the fields of business and economics. The relatively small standard deviation of 0.156702 indicates that the variation in the educational background of the board of commissioners and directors among the companies in the sample is not too large. This means that many companies have a percentage of board members with a business and economics educational background that is not too different from the average. The minimum value of 0.100000 is owned by Wijaya Karya Beton Tbk in 2022. While the maximum value of 0.900000 is owned by Indika Energy Tbk. in 2020-2022.
4) Stakeholder Pressure Variable: The average value of 1.815504 indicates that the company faces quite significant pressure from various stakeholders. The relatively large standard deviation of 0.689670 indicates that there is significant variation in the level of stakeholder pressure among the companies in the sample. There are companies that experience very high stakeholder pressure and there are also those that

experience relatively low pressure. The distribution of stakeholder pressure is uneven among companies in the sample. The minimum value of 0.377900 is owned by Indika Energy Tbk in 2022, while the maximum value of 5.334500 is owned by Vale Indonesia Tbk. in 2022.

4.2 Panel Data Regression Estimation

Table 2. Conclusion of Equation Model

Testing	Information	Result
Chow Test	CEM vs FEM	Common effect model (CEM)
Hausman Test	FEM vs REM	Random effect model (FEM)
Langrage Multiplier Test	CEM vs REM	Common effect model (CEM)

Source: Data processed by researchers, 2024

From the three tests conducted to select the model, they consistently show that the regression model used to test the hypotheses is the Common Effect Model (CEM).

4.3 Classic Assumption Test

4.3.1 Normality Test

The normality test is used to determine whether the regression model has a normal distribution (distribution) of data or not. The following are the results of the normality test in this study:

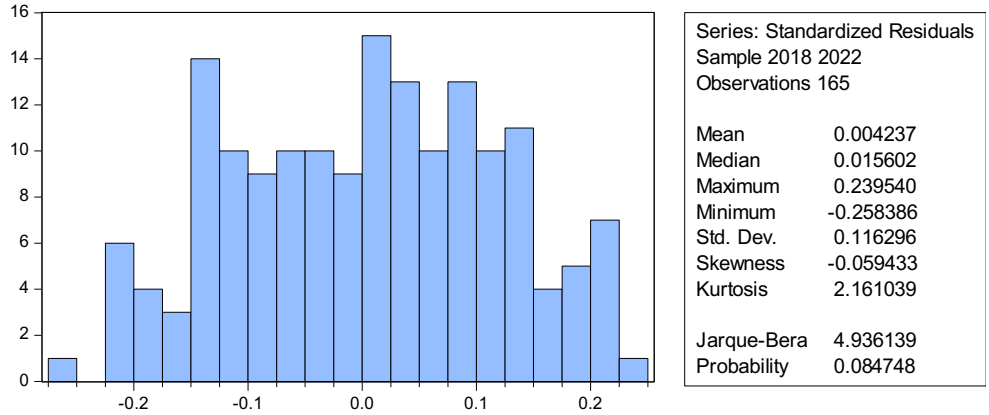

Figure 2. Normality Test Results

Source: Data processed by researchers with E-Views 10, 2024

Based on the normality test histogram above, it can be seen that the Jarque-Bera probability is greater than the significance level (0.084748 > 0.05). This means that the data in this study are normally distributed and can proceed to the next tests.

4.3.2 Multicollinearity Test

In this research, symptoms of multicollinearity can be seen from the correlation values between variables contained in the correlation matrix. If there is a correlation between independent variables or a value inflation factors (VIF) value below 10, it is stated that there are no symptoms of multicollinearity.

Table 3. Multicollinearity Test

	X1	X2	Z
TPI	1.000000	0.113904	0.200422
EDB	0.113904	1.000000	-0.012727
SPS	0.200422	-0.012727	1.000000

Source: Data processed by researchers with E-Views 10, 2024

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Based on the table 3, it can be seen that the variable CI has a Centered VIF value of less than 10. All variable VIF values do not exceed 10. Therefore, it can be concluded that in this study, the regression model does not exhibit multicollinearity.

4.3.3 Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.252742	Prob. F (3,161)	0.2925
Obs*R-squared	3.763741	Prob. Chi-Square(3)	0.2881
Scaled explained SS	9.125524	Prob. Chi-Square(3)	0.0277

Source: Data processed by researchers with E-Views 10, 2024

Based on the White test results table 4, it can be seen that the probability Chi-square obs*R-square is greater than the significance level (3.763741 > 0.05). With this result, it can be concluded that there is no heteroscedasticity issue, so the testing can proceed to the next stage.

4.3.4 Autocorrelation Test

Autocorrelation in this study was tested using the Durbin-Watson table as follows:

Table 5. Autocorrelation Test

Mean dependent var	0.487158
S.D. dependent var	0.188921
Akaike info criterion	-1.413413
Schwarz criterion	-1.338118
Hannan-Quinn criter.	-1.382848
Durbin-Watson stat	0.997531

Source: Data processed by researchers with E-Views 10, 2024

Based on Table 5, The above indicates that the Durbin-Watson (DW) value of 0.997531 lies between -2 and +2, or -2 < 0.997531 < +2. Therefore, the regression model does not experience autocorrelation and is suitable for use.

4.4 Panel Data Regression Analysis

4.4.1 Multiple Linear Regression Analysis

The results of the panel data regression before interaction on the moderating variable or analysis of the regression equation in equation I are displayed in the following table:

Table 6. Results of Regression Analysis Equation I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SRP	0.499641	0.042002	11.89574	0.0000
TPI	-0.060043	0.029308	-2.048657	0.0421
EDB	0.065533	0.059193	1.107096	0.2699
SPS	0.111902	0.006969	16.05784	0.0000

Source: Data processed by researchers with E-Views 10, 2024

Sustainability Reporting = 0.499641+ (-0.060043) + 0.065533 + 0.111902+ ε

From the regression equation, the following can be explained:

1) The constant value is 0.499641, which is positive. This means that the Sustainability Reporting, as the dependent variable, is 0.499641 under the assumption that the coefficients of the industry type and the education background of the board as independent variables, and stakeholder pressure as a moderating variable, are equal to 0 or constant.

2) The coefficient for Industry Type (X1) is -0.060043 and is negative. This means that if the Fixed Asset Intensity (X1) increases by 1%, assuming other variables remain constant, the Sustainability Reporting will decrease by 0.060043.
3) The coefficient for Education Background of the Board (X2) is 0.065533 and is positive. This means that if the Education Background of the Board (X2) increases by 1%, assuming other variables remain constant, the Sustainability Reporting will increase by 0.065533.
4) The regression coefficient for stakeholder pressure is 0.111902. This means that if the stakeholder pressure variable increases by 1 scale, it will increase the Sustainability Reporting by 0.111902, and vice versa, assuming other variables remain constant.

4.4.2 Moderated Regression Analysis (MRA)

The results of the panel data regression after there is interaction with the moderating variable or analysis of the regression equation in equation II are displayed in the following table:

Table 7. Results of Regression Analysis Equation II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SRP	0.462266	0.042733	10.81750	0.0000
TPI	-0.027701	0.031237	-0.886798	0.3765
EDB	0.073846	0.060215	1.226376	0.2219
TPI XSPS	0.055244	0.021881	2.524772	0.0126
EDB2XSPS	0.094185	0.032913	2.861623	0.0048
R-squared	0.613633	Mean dependent var		0.487158
Adjusted R-squared	0.603974	S.D. dependent var		0.188921
S.E. of regression	0.118889	Akaike info criterion		-1.391418
Sum squared resid	2.261535	Schwarz criterion		-1.297299
Log likelihood	119.7920	Hannan-Quinn criter.		-1.353212
F-statistic	63.52846	Durbin-Watson stat		1.012759
Prob(F-statistic)	0.000000			

Source: Data processed by researchers with E-Views 10, 2024

$$Y = 0.462266-0.027701 + 0.073846 + 0.055244 + 0.094185 + \varepsilon$$

Based on Table 7 above, the explanations are as follows:

1) Based on the output of the moderation regression analysis, the significance value of the moderation of Stakeholder Pressure on the relationship between Industry Type and Sustainability Reporting has a probability value of 0.0126<0.05. This means that Stakeholder Pressure can strengthen the relationship between Industry Type and Sustainability Reporting.
2) Based on the output of the moderation regression analysis, the significance value of the moderation of Stakeholder Pressure on the relationship between the Education Background of the Board and Stakeholder Pressure has a probability value of 0.0048<0.05. This means that Sustainability Reporting can strengthen the relationship between the Education Background of the Board and Sustainability Reporting.

4.5 Hypothesis Test

4.5.1 F Test Result

To find out whether all the independent variables included in the model have a joint influence on the dependent variable by using this test.

Table 8. F Test Results

R-squared	0.617429
Adjusted R-squared	0.610300
S.E. of regression	0.117936
Sum squared resid	2.239316
Log likelihood	120.6066
F-statistic	86.61226
Prob(F-statistic)	0.000000

Source: Data processed by researchers with E-Views 10, 2024

Based on the results from Table 8, F-test result of 86.61226 and a significance value of 0.000000, the F-table can be found in the statistical table at a significance level of 0.05 with df-1 (number of variables -1) or 4-1 = 3 (N1) and df 2 (n-k-1) or 165-2-1=162 (N2) (n is the number of data points and k is the number of independent variables). The result obtained for the F-table is 2.66. Therefore, F-calculated < F-table (2.66 < 3.99) and the probability value (F-statistic) < significance level (0.000000 < 0.05). Thus, there is a simultaneous influence of Industry Type and Education Background of The Board on Sustainability Reporting.

4.5.2 T Test Result

Decision making to answer the research hypothesis is carried out by comparing the probabilities with the degrees of freedom used. The results of the hypothesis test are displayed in the following t test:

Table 9. T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SRP	0.499641	0.042002	11.89574	0.0000
TPI	-0.060043	0.029308	-2.048657	0.0421
EDB	0.065533	0.059193	1.107096	0.2699
SPS	0.111902	0.006969	16.05784	0.0000

Source: Data processed by researchers with E-Views 10, 2024

The results from the t-test in Table 9 are as follows:

1) The results of the panel data regression analysis show that the probability for Industry Type is less than the significance value (0.0421 < 0.05). Therefore, H0 is rejected and H1 is accepted. It can be concluded that Industry Type has a negative influence on Sustainability Reporting.
2) The results of the panel data regression analysis show that the probability for Education Background of The Board is greater than the significance value (0.2699 > 0.05). Therefore, H0 is accepted and H1 is rejected. It can be concluded that the Education Background of the Board does not have a significant influence on Sustainability Reporting.

4.5.3 Coefficient of Determination

Pada model regresi ini, kinerjanya diukur dengan melihat nilai Adjusted R-Square.

Table 10. Coefficient of Determination

R-squared	0.617429
Adjusted R-squared	0.610300
S.E. of regression	0.117936
Sum squared resid	2.239316
Log likelihood	120.6066

F-statistic	86.61226
Prob(F-statistic)	0.000000

Source: Data processed by researchers with E-Views 10, 2024

The results of the coefficient of determination test show that the adjusted R-Squared value is 0.610300. An adjusted R-Squared value of 0.610300 or approximately 61% indicates that the ability of the independent variables used in this study, namely Industry Type and Education Background of the Board, to explain the dependent variable, Sustainability Reporting, is 61%, while the remaining 39% is explained by other variables not used in this study.

4.6 Discussion

The results of the study show that the Industry Type variable has a negative influence on Sustainability Reporting. This is evidenced by the hypothesis test with a probability value less than the significance value (0.0421 < 0.05) and a regression coefficient of -0.060043. Therefore, it can be concluded that the hypothesis H1 is accepted. This aligns with the legitimacy theory, which states that organizations tend to engage in certain activities, such as sustainability reporting. Companies with characteristics like consumer visibility, high political risk, or high competence are more likely to face societal demands to gain or maintain support and legitimacy from key stakeholders. This study's findings are supported by research conducted by Karlina et al. (2019), which showed that the industry type variable influences sustainability report disclosure. A negative influence of the industry type means that high-profile companies are required to perform better in disclosing sustainability reports compared to low-profile companies. High-profile companies tend to have higher public exposure because they are under stricter scrutiny from society, the media, and other stakeholders. This encourages companies to be more transparent in disclosing sustainability reports to maintain their reputation.

The research findings indicate that philanthropy disclosure has a negative effect on the results of the study show that the Education Background of the Board variable does not have an influence on Sustainability Reporting. This is indicated by the probability value being greater than the significance value (0.2699 > 0.05). Therefore, it can be concluded that the hypothesis H1 is rejected. This finding does not support the legitimacy theory, which posits that the public perceives or assumes that the educational background of the board of directors and commissioners, who have knowledge of business and economics, can make better business decisions and are more capable of managing the business. This is consistent with the research by Jaya et al. (2016), which found that the education background of the board does not influence sustainability reporting. Understanding and knowledge are not only gained through formal education. The ability of board members to decide on sustainability reporting policies can be supported by work experience, training, and informal courses.

The results of the study show that Industry Type with Stakeholder Pressure has a probability value of 0.0126 < 0.05, meaning that Stakeholder Pressure can moderate the relationship between Industry Type and Sustainability Reporting. Therefore, hypothesis H3 is accepted. This research indicates that companies in certain industries are more likely to disclose sustainability information if they experience significant pressure from stakeholders. According to this theory, stakeholder pressure encourages companies to adopt more responsible and transparent practices, including sustainability reporting. Thus, sustainability is influenced not only by internal factors but also by strong external pressure from various stakeholders.

Finally, the results of the study show that the Education Background of the Board with Stakeholder Pressure has a probability value of 0.0048 < 0.05, meaning that Stakeholder Pressure can moderate the influence of the Education Background of the Board on Sustainability Reporting. Therefore, hypothesis H3 is accepted. This means that sustainability is influenced not only by internal factors such as the education of the board but also by strong external pressure from various stakeholders. In line with stakeholder theory and legitimacy theory, stakeholder theory emphasizes that companies must consider the interests and expectations of all stakeholders who can influence or be influenced by the company's activities. Additionally, stakeholder pressure serves as an added incentive, encouraging the board to apply their knowledge in sustainability reporting to maintain or enhance the company's social legitimacy.

5. Conclusion

After analyzing the research data on how stakeholder pressure moderates the relationship between industry type and educational background of the board on sustainability reporting listed on the Indonesia Stock Exchange for the period 2018-2022, a sample of 33 companies was obtained. The following are the conclusions from the research results:

Based on the research results as outlined in the previous chapters, the conclusions are as follows:

1) The study found that Industry Type affects the Sustainability Reporting of non-financial companies listed on the Indonesia Stock Exchange from 2018 to 2022. Industry Type can influence how a company is perceived in terms of sustainability. Industries with significant environmental impacts or social risks tend to be more closely monitored by stakeholders regarding sustainability. Therefore, companies in sector-specific areas such as the non-financial sector may feel the need to enhance their sustainability reporting to gain social legitimacy and sustainability.
2) The study found that the Education Background of the Board does not affect the Sustainability Reporting of non-financial companies listed on the Indonesia Stock Exchange from 2018 to 2022. The educational background of the board of commissioners and directors in business and economics does not always directly translate into a significant influence on sustainability reporting. Other factors, such as stakeholder pressure and the need to gain social legitimacy, may play a more dominant role in influencing how companies manage and disclose sustainability information.
3) The study found that Stakeholder Pressure can moderate the relationship between Industry Type and Sustainability Reporting in non-financial companies listed on the Indonesia Stock Exchange from 2018 to 2022. In high-profile industries, companies may be more compelled to report sustainability information if they face greater pressure from stakeholders.
4) The study found that Stakeholder Pressure can moderate the relationship between the Education Background of the Board and Sustainability Reporting in non-financial companies listed on the Indonesia Stock Exchange from 2018 to 2022. While the educational background of the board is important, external pressure from stakeholders also plays a key role in encouraging companies to disclose sustainability information. The board's educational background provides the necessary knowledge and skills, but stakeholder pressure drives the application of that knowledge in sustainability reporting practices.

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