



The influence of stakeholder pressure on environmental, social, and governance disclosures

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Abstract

This study aims to examine the effect of stakeholder pressure on environmental, social, and governance disclosure for companies that are listed in Indonesia Stock Exchange in 2020-2022. Variables used in the examination are creditor pressure, media coverage and industry group as independent variables, environmental, social, and governance disclosure as dependent variables. The research population is all companies listed on the Indonesia Stock Exchange (IDX) in 2020- 2022. The sampling techniques used purposive sampling and resulted in 213 samples. Hypothesis testing was carried out using partial least squares. The result of this study shows that creditor pressure and media coverage have a significant positive effect on environmental, social, and governance disclosure. However, industry groups have a positive effect but not significant.

Keywords: Creditor pressure, media coverage, industry group, environmental social and governance disclosure

Introduction

The subject of Environmental, Social and Governance (ESG) has gained significant attention in recent years. The concept of Environmental, Social, and Governance (ESG) has gained significant traction and relevance in many countries, including Indonesia, due to the growing concern over global warming. This pressing issue requires companies to prioritise their environmental and social obligations. In Indonesia, the government has implemented Financial Services Authority Regulation Number 51/POJK.03/2017 to enforce sustainable finance practices among financial services institutions, issuers, and public companies. This regulation is issued by the Financial Services Authority which acts as the regulatory body in the country. According to the provisions outlined in Article 1 of the law, sustainable financial goods and/or services include financial products and/or services that incorporate economic, social, and environmental dimensions, along with governance considerations, according to their characteristics. This is characterised by the increasing implementation of employee dismissal or layoff policies implemented by many entities. The number of layoff cases during the pandemic has increased dramatically compared to before the pandemic, 386,877 cases in 2020, where these cases increased significantly compared to the year before the pandemic, 18,911 cases in 2019. The large number of layoff cases has caused people's purchasing power to decrease dramatically (Richard Lowardi, 2020). This has a negative impact on entities as evidenced by data from BPS that 82.55% of entities in Indonesia experienced a significant decrease in income in 2020.

Furthermore, the Indonesia Stock Exchange (IDX) introduced a new index called IDX ESG Leaders in 2020. The incorporation of this index is a strategic initiative that aims to strengthen sustainable investment within the Indonesian capital market. The above facts show that the significance and use of ESG concepts are increasing, including in the Indonesian context. Unfortunately, Indonesia has yet to prioritise environmental, social and governance (ESG) considerations. The ESG ranking of Indonesia's capital market in 2019 shows that it is ranked

36th out of a total of 46 global capital markets. According to According to Dr Alfaruq (2021) ^[6], Indonesia's ESG ranking is lower than other ASEAN countries, including the Philippines, Singapore, Malaysia, and Thailand.

The ESG framework has emerged as a contemporary concept that has gained significant attention and application across several industries. Moreover, the ESG framework serves as a non-financial measure that incorporates several aspects of social sustainability and corporate governance capabilities. The ESG concept aims to incorporate a comprehensive framework that includes environmental, social, and corporate governance dimensions. According to Dmuchowski *et al.* (2023) ^[29], the term "ESG" is associated with the 2004 report on ESG investing published by the United Nations Global Compact. The influence exerted by stakeholders is recognised as an important factor in determining the extent of disclosures related to ESG practices. This research classifies stakeholder pressure into three separate categories: creditor pressure, mass media impact, and industry group involvement.

From a media point of view, the term "mass media" relates to the widespread dissemination of knowledge about a company's activities, which in turn elicits positive or negative reactions from the general public. The utilisation of media exposure can provide strategic benefits to organisations, allowing them to market their products or services efficiently and generate profitable advertising results, depending on the way the information is delivered (Hassan, 2010) ^[48]. Media pressure is company-related media coverage that provides positive and negative news about various companies. For example, PT Adaro Energy, Tbk, a company operating in Southeast Asia, has been recognised as the Best Company in the region. In addition, PT Adaro Energy Tbk has achieved noteworthy success by receiving four awards in different categories, namely "Best Annual Report in Indonesia", "Best Organised Investor Relations", "Highest Compliance with Corporate Governance Principles", and "Best Strategic Corporate Social Responsibility".

ESG has a fairly close relationship with CSR and CSED where CSR is a practice carried out by companies in the

form of social and environmental initiatives, while ESG is a framework for assessing company performance in environmental, social, and governance aspects, while CSED is the practice of disclosing information about companies regarding ESG and CSR practices. The main objective of this study is to examine the extent to which organisations disclose environmental, social, and governance (ESG) information, with a particular focus on the influence of stakeholder pressure as a significant factor. The assessment of stakeholder pressure will be conducted using three indicators: creditor pressure, mass media impact, and industry group dynamics.

Hypothesis

Creditors have an interest in the firm with respect to its debt. The provision of financial resources, particularly monetary funds, is essential for the maintenance and continuation of the firm's business activities, as highlighted by Roberts (1992). Banks in their capacity as lenders are one of the financial institutions that conduct social and environmental assessments as part of the loan approval process. Banks adhere to the analytical process used in the current credit assessment process in the banking industry, although there is no legal framework governing environmental hazard assessment (Panjaitan, 2015). Research conducted by Purnasiwi and Sudarno (2011) revealed a significant relationship between the level of debt and social information sharing. Based on the research findings of Lu and Abeysekera (2014), the Comprehensive Economic Recovery and Development (CERD) remains influenced by pressure from creditors, even though it is considered vulnerable. Based on stakeholder theory, the functioning of an organisation is susceptible to the impact of many individuals and entities, thus creating opportunities for prospective input. Organisational acquisitions should be made by stakeholders who hold influential positions within the company, such as employees, suppliers, consumers, creditors, government, and society, according to the ideals of each stakeholder. External stakeholders, especially creditors, have a significant impact on companies by exerting pressure to obtain complete information on their performance in various areas, such as economic, social, and environmental factors. Quality corporate disclosure refers to a company's capacity to properly demonstrate its responsible practices. This mechanism allows creditors to develop confidence and certainty in providing capital, depending on their assessment of social and environmental harms. Suppliers, consumers, creditors, governments and society bear the responsibility to align their purchasing decisions with the values shared by their various stakeholders. Creditors, as external stakeholders, have great influence in encouraging companies to obtain complete information on their total performance, which includes economic, social and environmental dimensions. The concept of quality business disclosure relates to the capacity of corporations to proficiently demonstrate responsible practices. This facilitates the creation of confidence among creditors regarding a company's ability to obtain financing, as evaluated by an examination of social and environmental harms. Various stakeholders, including suppliers, consumers, creditors, governments, and society as a whole, should base their purchasing decisions on the values espoused by the company. Creditors, as external stakeholders, have a significant impact on companies by

exerting pressure to obtain complete information regarding their overall performance, which includes economic, social, and environmental factors. The concept of quality corporate disclosure relates to the capacity of companies to proficiently demonstrate responsible practices. This facilitates the establishment of trust and confidence among creditors in the company's capacity to effectively address social and environmental issues. As a result, creditors have a greater propensity to provide financial resources by evaluating and assessing such risks.

Studies conducted by Ramadhin *et al* (2020) and Adriani (2019) ^[2] explain the correlation between creditor pressure and sustainability reports. Based on the reasons mentioned above, the researcher formulates the next hypothesis:

H1: Creditor pressure has a positive effect on ESG disclosure

According to Widiastuti *et al.* (2018), media coverage plays an important role in directing companies to public scrutiny, thus putting pressure and fostering a sense of obligation for these companies to prioritise the issues for which they are responsible. The media, as an external stakeholder, can shape the general public's perception of the company. A company's reputation gets benefits from media coverage, because the pressure exerted by the media forces companies to consistently uphold a positive image (Solikhah *et al.*, 2016). The impact of media access on the consumption of goods and services produced by companies is influenced by media capabilities. The influence of media coverage on the CSR disclosure index and the quality of corporate environmental disclosures has been proven in several studies (Reverte, 2009; Rupley *et al.*, 2012; Tan *et al.*, 2016; Hasnia and Rofingatun, 2017; Wang and Wang, 2018) ^[47].

By the principle of legitimacy, organisations undertake socially desirable activities sought by society, with the aim of obtaining rewards and ensuring the continued existence of the company. The use of legitimacy theory is used to explain voluntary disclosure of environmental information by companies, with the aim of increasing accountability and building favourable perceptions of company operations. This disclosure serves as a means to legitimise the responsible actions undertaken by the company in line with societal expectations and norms. If a company experiences external pressures and concerns about unfavourable news, it is likely to make efforts aimed at increasing its commitment to the quality of social and environmental disclosures. Corporations engage in social initiatives sought by society to gain recognition and sustain corporate operations. The utilisation of legitimacy theory is used to explain the motivation behind voluntary corporate disclosure of environmental information. These disclosures serve as a means to increase accountability and transparency, thereby legitimising corporate actions in line with societal expectations and norms. If a company experiences pressure and fear due to negative news, it will likely seek to increase its commitment to the accuracy and completeness of social and environmental disclosures. The corporation engages in social initiatives that align with societal preferences, aiming to gain recognition and sustain its operations.

Studies conducted by Ramadhin *et al* (2020), Rheadanti (2019), Sriningshi, and Fajarini (2021) explain the favourable correlation between pressure exerted by mass

media and sustainability reporting. Based on the above arguments, the researcher proposes the following hypothesis

H2: Mass media has a positive effect on ESG disclosure

Companies that have the ability to generate large environmental impacts are likely to show a stronger tendency to provide information about their social responsibility in a transparent and high-quality manner. This phenomenon arises from their efforts to garner support from various stakeholders. Deegan and Gordon (1996) [27] see the increased utilisation of voluntary corporate social responsibility (CSR) reporting as a strategic tactic to foster stakeholder support for companies operating in industries with adverse ecological impacts. Gamerschlag *et al.* (2011) [34] claim that companies have a higher propensity to increase their level of transparency after affiliating with environmental pressure groups. As stated by Fernandez Feijoo *et al.* (2012), the implementation of transparent reporting practices can help overcome negative public perceptions arising from industrial environmental pollution. Environmental pressure can be defined as the external influence exerted on a company in an environment characterised by increased awareness and concern for nature. The aforementioned pressure serves to increase the organisation's awareness and dedication to environmental sustainability. In research conducted by Darmawan and Sudana (2022) [26], it is argued that stakeholder theory offers insight into how businesses can achieve growth and development by fostering good relationships with their external environment. According to the findings of Gamerschlag *et al.* (2011) [34], organisations facing environmental challenges tend to disclose extensive information on corporate social responsibility (CSR) issues. Fernandez-Feijoo *et al.* (2014) argue that companies may have an interest in increasing the transparency of sustainability reports.

Research conducted by Lulu (2020), Widiastuti *et al.* (2018), Bilbina (2020) [14], Sriningshi and Fajarini (2021), and Darmawan and Sudana (2022) [26] provide evidence supporting a favourable relationship between industry sensitivity to external pressures and sustainability reporting practices. Based on the above arguments, the researcher formulates the next hypothesis

H3: Industry group has a positive effect on ESG disclosure

Research Methods

In research conducted by Ramadhini *et al.* (2020), the term "creditor" is defined as an organisational body that provides financial resources to a company with the aim of supporting its operational business. Companies that have a higher level of financial risk tend to show a tendency to provide a greater amount of information. This tendency arises from the recognition that the inclusion of social and environmental elements as assessment criteria can be included in the process of allocating funds to these companies. Lu and Abeysekera (2014) suggest a method to measure creditor pressure using the ratio of total debt to total assets.

The measurement of creditor pressure used in this study is consistent with previous research conducted by Lu and Abeysekera (2014), and is explained as follows:

$$\text{Creditor pressure} = \frac{\text{Total Debt}}{\text{Total Asset Ratio}}$$

The media has a crucial role in enabling social mobilisation movements, especially those centred on environmental issues (Patten, 2002b as referenced in Reverte, 2008). Organisations can effectively disseminate information regarding their corporate social responsibility (CSR) efforts through various media platforms. Companies typically use three types of media to communicate their corporate social responsibility (CSR) efforts: television, newspapers, and official company internet pages.

Current investigations use the proxy of the number of news related to the company on the Google search engine throughout the reporting year, as shown by research conducted by Anisa Ramadhini (2020).

Mass Media = Number of news related to the company on google in the reporting year the concept of industry sensitivity relates to the impact and influence exercised by the company.

company with respect to its specific industry, related business risks, and labour to environmental conditions of the company as a whole (Adam *et al.*, 1998 as cited in Reverte, 2008). The potential impact of industry sensitivity on the size of corporate social disclosure practices has been emphasised. Companies that have a high degree of industry sensitivity are generally those that deal directly with consumers and various stakeholders. Sensitive industries include leading companies.

Purwanto (2011) argues that high-profile companies exhibit distinctive operational activities that have significant relevance to the interests of the wider community. Branco and Rodrigues (2008) [18] assert that companies participating in industries with potential substantial environmental impacts are subject to higher scrutiny and attention regarding their environmental practices, in contrast to companies operating in sectors with lower environmental risks.

The measurement of factors related to industry groups in this study follows the approach outlined in previous research conducted by Sriningsih and Indah F (2021), namely the implementation of the

$$ENVI = K/N$$

Description:

ENVI = Industry environmental group K = Number of items disclosed

N = Number of items expected to be disclosed, i.e. there are 34 items for GRI 4

Research Results and Discussion

Descriptive Statistics

Descriptive statistical analysis incorporates the use of mean values, maximum values, and lowest values as important steps to facilitate the interpretation and summarisation of data in a research study (Ghozali, 2021) [36].

This study focuses on the value of ESG disclosure as measured by ESG disclosure score as the dependent variable (Y). This study uses independent variable (X1) creditor pressure operationalised through Debt to Asset Ratio. The second independent variable (X2) used in this study is the influence of mass media as measured by the quantity of news disseminated during the reporting period. The third independent variable, denoted by X3, relates to the pressure exerted by industry groups. This pressure is measured by the ratio of items reported in accordance with GRI 4 to the number of anticipated disclosures. Furthermore, the analysis includes control variables, Z1 and Z2, which account for

Return on Assets (ROA) and firm size, respectively. firm size is measured using the natural logarithm of sales (Ln_sales).

The variable examined in this study is the ESG disclosure score quantified on a scale of 0 to 100. The variable indicating the ESG disclosure score has an average value of 43,752, accompanied by a maximum value of 73,870 and a minimum value of 21,720. The standard deviation of the variable indicating the ESG disclosure score is 10,763. The observation that the mean value usually exceeds the standard deviation value is widely recognised, indicating a greater probability of a normal distribution of the data.

Debt to Asset Ratio is used as a representation of the independent variable of creditor pressure in this study. The Debt to Asset Ratio variable has an average value of 0.225, with an average value of 0.225. the maximum value is 1.867 and the minimum value is 0.00. The standard deviation of the Debt to Assets ratio was set at 0.219. It is widely recognised that the mean value usually exceeds the standard deviation value, thus indicating a greater probability of a normal distribution of data.

The operationalisation of the independent variable of mass media pressure in this study includes quantification of the number of articles obtained through the Google search engine. The variable shows a mean value of 18.972, with a maximum value of 71 and a minimum value of 0.00. The standard deviation calculated for the Debt to Asset Ratio is 14.408. The observation that the mean value usually exceeds the standard deviation value is generally recognised, thus indicating a greater probability of a normal distribution of the data. The user did not provide any content for academic rewriting.

This study operationalises the independent variable industry group pressure as the ratio between the number of items used according to GRI 4 rules and the number of items expected to be reported. The variable has a mean value of 0.887, with a maximum value of 1 and a minimum value of 0.706. The standard deviation calculated for the Debt to Asset Ratio is 0.078. It is widely recognised that the mean value usually exceeds the standard deviation value, therefore indicating a greater probability of a normal distribution of data.

The first control variable (Z1) in this study is Return on Assets (ROA) which is determined by dividing the organisation's net income by its total assets. Based on the search, Return on Assets (ROA) has an average value of 0.045, with a maximum value of 0.557 and a minimum value of - 0.697. The standard deviation of the Return on Assets (ROA) variable was determined to be 0.105. The observation that the standard deviation is above the mean is generally recognised, thus indicating a wider spread of data. The control variable used in this study is company size. Assessing the size of a company requires the use of the natural logarithm of its revenue, sometimes referred to as sales. The findings of the inquiry show that the mean company size is 30.223 with a maximum value of 32.329 and a lowest value of 24.031. The variable under consideration shows a standard deviation of 1.476. It is widely recognised that the standard deviation is generally smaller than the mean, indicating that the distribution of the data tends to show conformity to a normal distribution.

Convergent Validity

Convergent validity testing is a method used to evaluate the validity of individual indicators. The loading factor value is considered acceptable if the value obtained is more than 0.70. The data presented in the table provide evidence that all research variables meet the criteria for convergent validity. The loading factor value that exceeds 0.70 indicates that the indicator shows sufficient competence and suitability to evaluate a variable.

Based on the data presented in the table above, it can be seen that all variables have AVE values that meet the established criteria of more than 0.50. A value of 1 is generated for the Average Variance Extracted (AVE) metric, which represents the reliability and convergent validity of the variables in the study. The variables included in the analysis are ESG disclosure score (ESG), debt asset ratio (D/A), industry group (IG), Mass Media (MM), Return on assets (ROA), and Company size (CS). This means that each indicator has the ability to explain each variable.

Discriminant Validity

Initial evaluation of discriminant validity includes using the Fornell-Lacker criterion, which requires calculating the square root of the Average Variance Extracted (AVE) for each variable. The Fornell-Lacker criterion evaluates the correlation of a variable with itself, as well as its relationship with other variables. When the Fornell-Lacker criterion value of a variable exceeds the correlation value with other variables, it signifies that the variable exhibits favourable discriminant validity and effectively meets the discriminant validity assessment.

The assessment of discriminant validity involves the utilisation of cross-loading analysis, combined with the Fornell-Lacker criterion. Discriminant validity involves the evaluation of cross-loading, which relates to the correlation coefficient between indicators and variables. The analysis can be performed by comparing the correlation coefficient of the variable with the correlation coefficient of additional variables. Discriminant validity is considered established when the correlation coefficient between the indicator and its associated variable exceeds the correlation coefficient between the indicator and other variables. If there is an indicator that does not fit the criteria set, then the indicator needs to be removed.

The findings of the Cross Loadings analysis are presented in Table 4.6. The correlation value of ESG disclosure score (ESG), debt asset ratio (D/A), industry group (IG), Mass Media (MM), Return on assets (ROA), and Company size (CS) in the table is equal to 1, this indicates that the cross loading of each variable is higher than the cross loading of other variables. This indicates a correlation between variables and indicators. Based on the information presented in the table, it can be concluded that all variables have successfully met the discriminant validity test criteria.

Composite Reliability and Cronbach's Alpha

The evaluation of composite reliability is determined by analysing the values associated with individual variables. To fulfil the requirement, each variable must demonstrate a Cronbach's Alpha composite reliability value that exceeds 0.70. Cronbach's alpha and composite reliability are statistical metrics used to evaluate the efficacy of separate indicators in measuring their respective variables. The results of the check are displayed in the table below:

Table 4.7 presents the findings showing that all variables have met the requirements of composite reliability and Cronbach's alpha, evidenced by the value of each variable of 1.

Inner Model

Measurement model evaluation is followed by the performance of inner model testing or structural model evaluation. The inner model test includes an examination of predictive relevance (Q-square), R-square, and model fit.

Various scales are used in evaluating the coefficient of determination (R2). Ghozali and Latan (2016) [38] suggest that a model is said to be strong if the R-square value is above 0.70. Conversely, when the R-square value is in the range of 0.45 to 0.70, the model performance can be categorised as moderate. Conversely, if the R-square value is below 0.25, then the model deserves to be classified as having poor strength.

The researcher evaluated the predictive relevance value (Q2) of the inner model by assessing its capacity using the coefficient of determination. If the Q-square value is greater than zero, the model shows predictive validity. Conversely, if the Q-square value is below zero, it indicates the model's lack of ability to make accurate predictions. The next table will present the R- Square and Q-Square values:

The results displayed in Table 4.9 illustrate the effectiveness of the model and the predictive importance of ESG disclosure scores. The adjusted coefficient of determination (R2) for ESG disclosure scores is 0.153, indicating a relatively low level of explanatory power as it falls below the threshold of 0.25. This finding implies that the independent variables investigated in this study explain only 17.3% of the overall variables that have the capacity to influence ESG disclosure scores. The remaining 84.7% is influenced by factors not accounted for in the analysis. The coefficient of determination (Q-square) for the variable representing the ESG disclosure score is 0.142. This indicates that the variable representing the ESG disclosure score has predictive significance.

Hypothesis Test Results

This study uses the Partial Least Squares (PLS) framework, specifically utilising PLS Mode A as the algorithm chosen for the outer model. Ghozali and Latan (2016) [38] proposed that to explore the relationship between latent variables and assess the influence of the inner model on the outer model, it is recommended to use Partial Least Squares (PLS) Mode A as a more appropriate method in conducting research.

To evaluate the hypotheses, researchers used a 95 per cent significance level to analyse the precision and path coefficient values. This finding illustrates that the highest limit of accuracy denoted by α is 5 per cent or 0.5.

The path coefficients show a range between 0 and 1. If the variable coefficients in the path have a value smaller than zero, it can be concluded that the association is characterised by a negative effect. Conversely, if the path coefficient shows a value higher than zero, it can be concluded that the association has a positive effect. The path coefficient in structural equation modelling (SEM) serves as an estimator of the strength and direction of the relationship between variables. The coefficients considered are regression weights, also known as beta coefficients, which are associated with paths that connect latent variables or constructs in the model. The assessment of the validity of

the hypothesis will be carried out through the implementation of the direct effect test or direct impact analysis. The direct effect test is used to analyse the relationship between the independent variable and the dependent variable. The results of the direct effect analysis will be displayed in the following table:

Table 1: Direct Effect Test

Independent Variable	Dependent Variable	Path Coefficient	P-values
Creditor pressure	ESG Disclosure	0.120	0.039
Industry Group	ESG Disclosure	0.107	0.115
Mass Media Pressure	ESG Disclosure	0.330	0.000
ROA	ESG Disclosure	0.176	0.033
Company Size	ESG Disclosure	0.027	0.662

Based on the results shown in Table 1, it can be seen that the coefficient of creditor pressure is 0.120, which indicates a positive correlation between creditor pressure and ESG disclosure score. The findings also show that the statistical significance of creditor pressure is 0.039, which is below the established threshold of 0.05. This means that the effect of creditor pressure on ESG disclosure scores is significant. The industry group coefficient of 0.107 indicates a positive relationship between the level of industry group pressure and the ESG disclosure score. The calculated significance level of 0.115 exceeds the usual threshold of 0.05, which indicates that there is no statistically significant effect of industry sensitivity on ESG disclosure scores. The correlation coefficient of 0.330 indicates a favourable relationship between the influence of mass media pressure and ESG disclosure scores. The findings of this investigation indicate a statistically significant correlation between the influence exerted by the mass media and the Environmental, Social and Governance (ESG) disclosure scores. The obtained p-value of 0.000, which is below the generally accepted significance level of 0.05, indicates a significant influence of mass media pressure on ESG disclosure scores.

Based on the information in Table 1, it can be seen that the variable "return on assets" has a coefficient of 0.176 and a significance level of 0.022, while acting as a controlling factor. The results of this study indicate that there is a statistically significant and positive relationship between return on assets and ESG disclosure score. The variable "company size" shows a coefficient of 0.027, which indicates a lack of statistical significance in terms of its negative impact on ESG disclosure scores. This finding is evidenced by the statistical significance level of 0.676.

Conclusions

The purpose of this study is to analyse the influence of creditor stakeholders, mainstream media, and industry groups on the disclosure of environmental, social, and governance (ESG) information. The sample analysed in this study consists only of companies listed on the Indonesia Stock Exchange during the period 2020 to 2022. The experimental methodology uses Partial Least Square (PLS) analysis to determine the effect of independent variables on the dependent variable in the research framework. The research conclusions can be briefly described as follows:

1. The correlation between creditor pressure, as measured by Debt to Asset Ratio, and increased Environmental, Social, and Governance (ESG) Disclosure can be seen

from the increasing trend of ESG Disclosure Score proxy. The initial hypothesis in this study is determined to be proven. The practice of communicating environmental, social, and governance (ESG) data by a company is one method of implementing corporate accountability to many stakeholders, including creditors. Corporate stakeholders, including creditors, will put pressure on companies to increase the disclosure of their environmental, social, and governance (ESG) initiatives.

2. The impact of mass media pressure, as measured by the number of articles published in online media, contributed significantly to the increase in Environmental, Social and Governance (ESG) disclosures. This increase is evaluated using the ESG Disclosure Score proxy. Determination of the acceptability of the second hypothesis was conducted in this investigation. The practice of companies engaging in ESG disclosure serves as a mechanism to discharge their responsibilities towards stakeholders and achieve social legitimacy. As a result, the greater media attention given to such companies is likely to serve as a stimulus for other companies to increase transparency in disclosing their environmental, social and governance (ESG) practices.

The impact of industry group pressure, as measured by a company's level of adherence to Global Reporting Initiative (GRI) 4 guidelines in terms of the ratio of items disclosed to the anticipated number of disclosures, does not contribute significantly to the disclosure of environmental, social, and governance (ESG) information, which can be measured by the level of compliance with the Global Reporting Initiative (GRI) 4 guidelines. evidenced by the proxy measure of ESG Disclosure Score. The third hypothesis in this investigation was declared invalid. The results of this study indicate that there is no significant relationship between a company's level of sensitivity and its involvement in ESG disclosure efforts.

Research Limitations

This research is not free from shortcomings. Further factors should be taken into account for future investigations in order to obtain increased profits and gains, *viz*

1. The scope of ESG disclosure data available through Bloomberg for companies listed on the Indonesian stock exchange is limited to 71 companies.
2. The current study reveals that the combined influence of creditor pressure, mass media, and industry associations accounts for 17.3% of the overall variables that can affect ESG disclosure scores. In contrast, it is seen that the remaining 84.7% is influenced by additional factors.

Suggestion

It is recommended to conduct more research to include additional variables that may have an impact on ESG disclosure. This will increase the coefficient of determination resulting in more ideal study results.

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