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Moderating Effect of Assurance on Company Characteristics and Sustainability Report Disclosure - Evidence from Indonesia

V. Herawaty[a*], Anisa[b], Renato Sitompul[c], [a,b,c]Faculty of Economics and Business, Trisakti University, Email: [a*]vinola.herawati@trisakti.ac.id

This study aims to examine and analyse the role assurance as a moderating variable of the effect of stakeholder pressure, corporate governance, and firm size on sustainability reporting disclosure. The sampling method used was purposive sampling with a total sample of 138 companies listed on BEI for the year 2015-2017. This study used secondary data obtained from www.idx.co.id and the official website of all the companies concerned. The data analysis method used is moderated regression analysis. The results of the hypothesis testing conclude that firm size, environmentally sensitive industries, and shareholders pressure have positive effects on sustainability reporting disclosure while employee pressure, board of commissioners' effectiveness, and family ownership have no positive effects on sustainability reporting disclosure. Assurance strengthens the effect of firm size, environmentally sensitive industries, and shareholders pressure on sustainability reporting disclosure. However, assurance does not strengthen the effect of employee pressure, board of commissioners' effectiveness, and family ownership on sustainability reporting disclosure.

Key words: *Sustainability Reporting, Stakeholder Pressure, Corporate Governance, Firm Size, Assurance.*

Introduction

In this globalisation era, companies have responsibility for all actions that have been taken, especially those that have results detrimental to certain parties. Corporate responsibility known as corporate social responsibility includes preventing negative impacts caused by the company on social and environmental parties and improving the quality of employees, suppliers, customers, and the environment around the company. Along with the development of corporate social responsibility, the company is not only concerned with the company's financial performance (single bottom line), but also the the triple bottom line, namely environment (planet), society (people), and financial growth in business (profit) (Elkington, 2018). In principle, corporate social responsibility is a commitment of the company to be responsible economically, socially, and environmentally to the community, the environment, and stakeholders.

This study aims to examine the factors affecting sustainability report disclosure from all types of industries in Indonesia. Research related to stakeholder pressure, corporate governance, and sustainability reports have been carried out by several previous studies, such as those conducted by Rudyanto and Siregar (2018). This study is an expansion from previous research. The difference between this research and the previous research is the variables used. The researcher adds the company size variable as an independent variable and assurance as a moderating variable. This is because the results from previous studies are still varied. It is suspected that there might be another variable in between i.e assurance as a moderating variable, as previous research proves that assurance has an effect on the quality of the sustainability report (Wallage, 2000). This study focuses on the influence of company size, stakeholder pressure, and corporate governance on the sustainability report disclosure with assurance as a moderating variable.

Literature Review and Hypothesis Development

Stakeholder Theory

Stakeholder theory is a theory that explains the relationship between a company and its stakeholders (Phillips, 2003). This theory discusses how the company not only operates in the interests of the company but also meets expectations and provides benefits to its stakeholders in order to achieve a company's success. This theory states that companies will choose to voluntarily disclose information about their environmental, social and economic performance to meet the needs and expectations of stakeholders.

Legitimacy Theory

Legitimacy theory can be a basis to explain the phenomenon of corporate sustainability reporting (Hooghiemstra, 2000). Legitimacy theory suggests that corporations acknowledge a social contract, and that their societal licence to operate is dependent on the support and approval of society. As such, Hooghiemstra (2000) argues, a company will engage in sustainability reporting because of a continuous need “to demonstrate that its actions are legitimate and that it behaved as a good corporate citizen” Hooghiemstra (2000) concludes by stating that corporations issue social reports primarily as a means of protecting or enhancing the public's perception of the corporation, in other words, legitimising itself to the rest of society.

Agency Theory

Agency theory is a concept that explains the contractual relationship between principal and agent (Jensen and Meckling, 1976). Contractual relationship is a cooperative relationship based on a contract between two or more parties. The agent here includes all the management of a company, for example the board of commissioners, while the principal here means the owner of the company where the principal will involve the agent to do work on his behalf. Agency theory is concerned with resolving problems that can exist in agency relationships due to unaligned goals or different aversion levels to risk.

Sustainability

Suryono and Prastiwi (2011) states that in the concept of sustainability there are principles related to human rights, standards for workers such as the elimination of discrimination in employment, in addition to matters relating to the environment such as the use of the precautionary principle, greater responsibility for the environment, and development of an environmentally friendly technology. Sustainability is a condition in which can be maintained indefinitely.

It can be concluded that sustainable development is a development that will take place in the long term and is consistent in maintaining the quality of life of the community by not damaging the surrounding environment and preserving the reserves of existing resources for the future survival of the nation.

Sustainability Report

The Global Reporting Initiative (GRI) defines sustainability reports as practices in measuring and disclosing company activities as a responsibility to internal and external stakeholders regarding organisational performance in realising sustainable development goals. In addition, the World Business Council for Sustainable Development (2002) defines a sustainability report as a public report in which the company provides an overview of the company's position and activities in economic, environmental, and social aspects because of internal and external stakeholders.

The Sustainability Report Disclosure

The SR is a voluntary report issued by a company separately from the annual report and supports a company to disclose its information in a way that integrates social, economic, and environmental impacts on business. GRI defines SR as a practice of measuring and disclosing the company's activities with responsibility to both internal and external stakeholders in order to achieve sustainable development. As the support of sustainable development, this report can disclose everything that cannot be disclosed in annual report. SR can be the media for both internal and external stakeholders to provide information about the ability of the company to be responsible in its activities. SR can enhance the information about the company that cannot be disclosed in an annual report. It can contain what the company needs to report so the stakeholders can know what is going on inside (http://www.globalreporting.org, 2019).

Company Size

Company size is the scale used in determining the size of a company. The greater the assets of a company, the agency costs that arise are also greater so that to reduce these costs, companies tend to disclose broader information. This is because large size companies will face greater risks than smaller companies. Large companies will not escape the pressure to carry out social responsibility and public pressure for information is higher than smaller companies.

Stakeholder Pressure

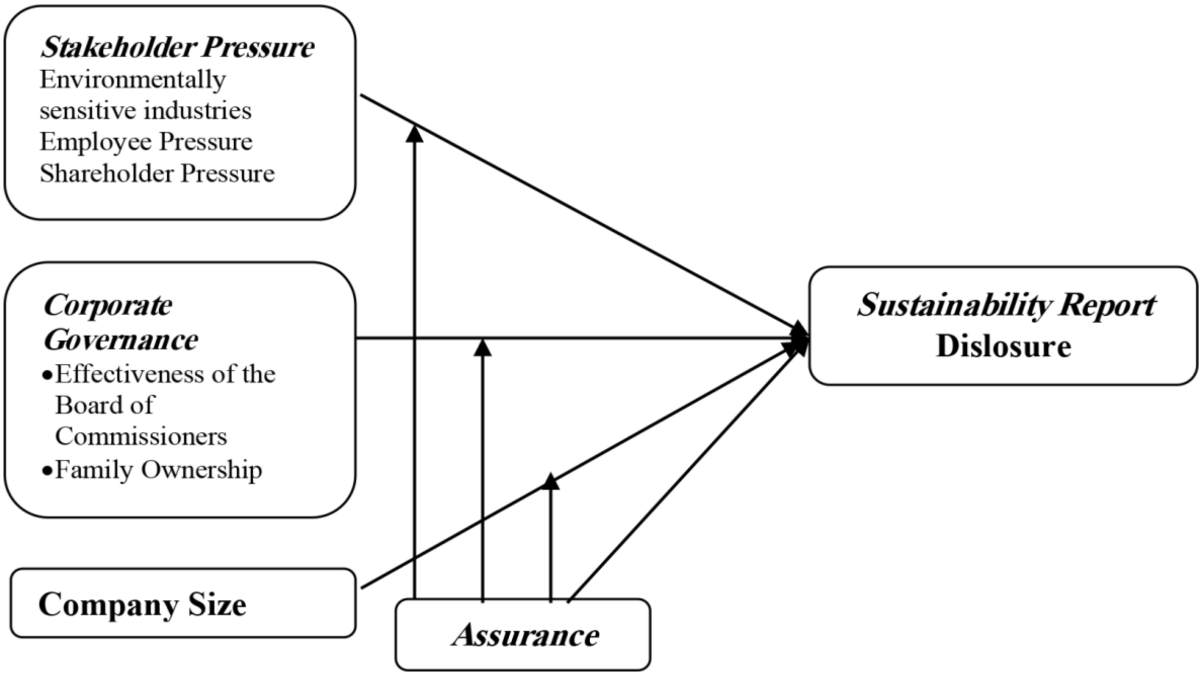
The existence of a company is strongly influenced by the support given to it by its stakeholders. Stakeholders are defined as any individual or group that can influence or be influenced by the company (Freeman, 2016).

Corporate Governance

Good corporate governance basically aims to ensure that company management is carried out properly and in full compliance with various applicable rules and regulations (Ratnasari, 2011). It can be concluded that the purpose of corporate governance is to protect the rights and interests of stakeholders, increase the value of the company, gain the trust of investors and national and international creditors, and improve the efficiency and effectiveness of the company's management work.

Assurance

Figure 1. Conceptual Framework



Hypothesis Development

The Effect of Environmentally Sensitive Industries on the Sustainability Report Disclosure

Based on the theory of legitimacy, environmentally sensitive industries tend to have a higher sustainability report disclosure to legitimise the operational activities carried out by companies. Pressure from environmental groups and society in general make this happen. Community and environmental groups demand companies to renew the earth that has been damaged by the company's operational activities. The company carries out social responsibility activities and reports them transparently to meet the demands of the community. This is because the more sensitive the industry is to the environment, the more sensitive shareholders will be to environmental information, and the more significant the disclosure of the social responsibility report (Sulaiman *et al.*, 2014; Choi, 1999)

H_1: Environmentally sensitive industries positively influence the sustainability report disclosure.

H_2: Employee's pressure positively influences the sustainability report disclosure.

H_3: Shareholders' pressure positively influences the sustainability report disclosure

H4: The board of commissioners' effectiveness positively influences the sustainability report disclosure.

H5: Family ownership positively influences the sustainability report disclosure.

H6: Company size positively influences the sustainability report disclosure.

H7: Assurance strengthens the influence of company size on the sustainability report disclosure

H8: Assurance strengthens the influence of environmentally sensitive industries on the sustainability report disclosure.

H9: Assurance strengthens the influence of employee pressure on the sustainability report disclosure.

H10: Assurance strengthens the influence of shareholders' pressure on the sustainability report disclosure

H11: Assurance strengthens the effect of the board of commissioner's effectiveness on the sustainability report disclosure

H12: Assurance strengthens the influence of family ownership on the sustainability report disclosure

Research Method

Samples and Data

The population in this study are all companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2017 period. The data is obtained through financial statement documents that have been published by the company on the official website of the Indonesia Stock Exchange www.idx.co.id. The data source used is secondary data in the form of financial statements (annual financial reports) of companies that have been listed on the Indonesia Stock Exchange (BEI) as of December 31 and sustainability report (sustainability report) by downloading directly from the company's website during the period 2015 to 2017. The sampling technique used was purposive sampling where the samples to be used in this study were only samples that met certain criteria in accordance with the research objectives. The sample criteria in this study are:

1. All companies that publish company sustainability reports and annual reports in a row in the period 2015-2017.
2. All companies listed on the Indonesia Stock Exchange (IDX) in 2015-2017.
3. Companies that use the GRI G4 indicator in disclosing of sustainability reports.

Variables and Measurements

Sustainability Report Disclosure

Sustainability Report Disclosure is as a practice of measuring and disclosing the company's activities as responsibility to both internal and external stakeholders in order to achieve sustainable development. The disclosure of SR in the check list uses GRI G4 (91 items) with a score of 1 for the company that discloses and 0 if it does not disclose. Then the score is summed to find out the total SR disclosure of the company. For the components of the number of items that will be announced in a special standard, a total of 91 items are disclosed, including:

1. Economic Aspects (9 items);
2. Environmental Aspects (34 items);
3. Human Rights Aspect (12 items);
4. Labour Practices and Decent Work Aspect (16 items);
5. Social Aspects (11 items);
6. Product Responsibility Aspect (9 items).

Environmentally Sensitive Industries

Classification of industries with environment as the stakeholder is using measurement from a study by Feijoo *et al.* (2014), which has been adjusted with list of industries in the Indonesia Stock Exchange. Environmentally sensitive Industries are agriculture, mining, chemical industry, machinery, automotive and its components, cable, property, housing and construction, energy industry, toll roads, airports, ports, transportation, non-building construction, and electronics. These industries are rated 1 while other industries are rated 0.

Employee Pressure

Employee Pressure is measured by a natural logarithm of the number of employees

Shareholder Pressure

Shareholder Pressure is using measurement from a study by Rudyanto and Siregar (2018), which is level of ownership structure concentration. The degree of concentration is measured by comparison of the number of shares held by the parent company with the number of total shares. The parent company is a company with the name of the majority shareholder of the company in the nature of relationships and related party transactions section in notes to the financial statements.

Effectiveness of the Board of Commissioners

The effectiveness of the board of commissioners is measured based on a checklist originating from Lestari and Murtanto's research (2017), where there are 17 questions divided into four categories based on the characteristics of the board of commissioners, namely independence, activities, size and competence of the board. For each question, the assessment will consist of 3 (three) possible answers, namely good (3), fair (2), poor (1).

Family ownership

According to Arifin (2003), Family ownership is measured by the ownership percentage of all individuals and companies whose ownership is recorded (ownership of more than 5 per cent must be recorded), but not a public company, the government, financial institution or public (individual ownership shall not be recorded). This variable is measured by using a dummy variable where point 1 is given when there is total ownership > 20% in the company's annual report (Claessens, 2000; La Porta, 1999, Siregar 2005) and 0 when there is no ownership in the company's annual report.

Firm size

Firm size was measured using a natural logarithm of total assets at the end of the year. Firm size is a variable that positively affects corporate social responsibility disclosure (Ramadhani and Adhariani (2015).

Assurance

Assurance is evaluation or measurement of a subject matter (data, system and process or behaviour) that is the responsibility of another party (management) against identified suitable criteria, and to express a conclusion that provides the intended user with a level of assurance about the subject matter (Wallage, 2000). Assurance can help by making sure that reporting data is credible. Assurance can not only help to strengthen credibility with external audiences, but also for internal purposes, such as assuring managers, executives, and board members that they're doing the right thing. This variable is measured by using a dummy variable where point 1 is given when a company uses the assurer service and 0 when a company does not use assurer services.

Hypothesis Testing and Research Model

Methods

The analytical method used for hypothesis testing is using multiple linear regression analysis. The regression model obtained from the ordinary least squares method (Ordinary Least Square / OLS), which is a regression model that produces the best linear estimator that is not biased (Best Linear Unbiased Estimator / BLUE). To get an efficient and unbiased examiner value or BLUE from one multiple regression equation with the least square method, it is necessary to test to find out if the resulting regression model meets the classical assumption requirements. There are classic assumption tests that must be performed on the regression model, namely: Normality Test, Autocorrelation Test, Multicollinearity Test, and Heteroskedacity Test.

Multiple linear regression tests consisting of 3 (three) parts of the hypothesis testing are the coefficient of determination test (Adjusted R^2), F test (simultaneous), and results t test. Testing the coefficient of determination aims to calculate how much influence the independent variable has on the dependent variable. The coefficient of determination (R2) illustrates how far the ability of the dependent variable. If the R^2 value is higher, the greater the proportion of the total variation of the dependent variable that can be explained by the independent variable (Sujarweni, 2015). F test is testing the regression coefficients simultaneously. This test was conducted to determine the effect of all the independent variables contained in the model together (simultaneously) on the dependent variable (Ghozali, 2016).The t test statistic is used to find out how far the influence of an independent variable individually in explaining the variance of the dependent variable Sujarweni (2015). T test is done by looking at the significance value. The hypothesis is accepted if the significance value <0.05, then the independent variables affect the dependent variable.

Research Model

The model to test whether the independent variables measured by Environmentally Sensitive Industry, Employee Pressure, Shareholder Pressure, Effectiveness of the Board of Commissioners, Family Ownership, Company Size and Assurance can moderate the relationship between the independent variables and the dependent variable namely Sustainability Report Disclosure is as follows

$$SRD = \alpha + \beta_1 ESI_{i,t} + \beta_2 EOI_{i,t} + \beta_3 IOI_{i,t} + \beta_4 EDEKOM_{i,t} + \beta_5 FAM_{i,t} + \beta_6 SIZE_{i,t} + \beta_7 AS + \beta_8 ESI_{i,t} * AS_{i,t} + \beta_9 EOI_{i,t} * AS_{i,t} + \beta_{10} IOI_{i,t} * AS_{i,t} + \beta_{11} EDEKOM_{i,t} * AS_{i,t} + \beta_{12} FAM_{i,t} * AS_{i,t} + \beta_{13} SIZE_{i,t} * AS_{i,t} + e_{i,t}$$

SRD = Sustainability Report Disclosure, ESI = Environmental Sensitive Industry, EOI = Employee Pressure, IOI = Shareholders Pressure, EDEKOM = Effectiveness of the Board of Commissioners, FAM = Family Ownership, SIZE = Company Size, AS = Assurance..

Results and Discussion

Statistic descriptive

Based on the sample selection criteria, Table I provides information about the sample used in this study. The total sample in this study is 138 companies which are listed on the Indonesia Stock Exchange (BEI) and the time period used is pooled data, which is 2015-2017. A list of the companies used in this study is presented in Table 1 below :

Table 1: Research Sampling

No.	List of firms	2015	2016	2017	Total
1	Companies listed on the Indonesia Stock Exchange 2015-2017	521	537	566	
	Companies that can not be used as sample :				
2	Companies listed on the IDX and do not publish **consecutive** Annual Reports and Sustainability Reports	(440)	(456)	(485)	
3	Companies that do not use the GRI G-4 indicator	(35)	(35)	(35)	
	Total Samples (2015-2017)	46	46	46	138

Table 2 presents the descriptive statistic of variables.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SRD	138	0.10	0.80	0.3589	0.16198
SIZE	138	2082097000	91823679280000	4966846575000	16659422960000
EOI	138	1.79	5.34	3.7392	0.68475
IOI	138	0.25	0.99	0.6128	0.15384
EDEKOM	138	0.57	0.98	0.8557	0.07380
Valid N (listwise)	138				

SRD = Sustainability Report Disclosure; SIZE = Company Size;; EOI = Employee Pressure; IOI = Shareholder Pressure; EDEKOM = Effectiveness of the Board of Commissioners;.

The average sustainability report disclosure (SRD) is 0.3589 with a standard deviation value of 0.1619. It indicates that the disclosure level of sustainability reports in Indonesia is still low. The effectiveness of the board of commissioners (EDEKOM) has an average of 0.8557. This shows that on average, companies that disclose a sustainability report that is separate from the annual report are companies that have an effective board of commissioners, which is 0.8557

Table 3: Dummy Variable

Variable	0		1	
	Frequency	(%)	Frequency	(%)
ESI	69	50	69	50
FAM	78	56.5	60	43.5
AS	92	66.7	46	33.3

ESI = Environmentally Sensitive Industry; FAM = Family Ownership; AS: Assurance

Industrial companies that are sensitive to the environment (ESI) in this study with other industries are the same, namely 69 companies (50%) each. In this study 78 (56.5%) companies had no family ownership, while 60 (43.5%) companies had family ownership above 20%. This study shows that 92 companies (66.7%) do not use assurance, while 46 companies (33.3%) use assurance. It reflects the majority of companies in Indonesia have not operated assurance services.

Hypothesis Testing

This research model has met the classical assumption test: Normality Test, Autocorrelation Test, Multicollinearity Test, Heteroskedacity Test. Table 4. below shows the results of hypothesis testing:

Table 4: Result of multiple regression

Variable	Prediction	*Beta*	*Sig.one tailed*	Conclusion
(Constant)		0.009	0.489	
ESI	+	0.292	0.002	H_1 accepted
EOI	+	0.038	0.352	H_2 rejected
IOI	+	0.392	0.001	H_3 accepted
EDEKOM	+	0.083	0.288	H_4 rejected
FAM	+	-0.011	0.452	H_5 rejected
SIZE	+	0.221	0.012	H_6 accepted
AS	+	0.141	0.257	
ESIxAS	+	0.612	0.000	H_7 accepted
EOIxAS	+	-0.556	0.131	H_8 rejected
IOIxAS	+	0.911	0.007	H_9 accepted
EDEKOMxAS	+	-0.139	0.173	H_{10} rejected
FAMxAS	+	0.370	0.012	H_{11} rejected
SIZExAS	+	0.706	0.000	H_{12} accepted
One-Sample Kolmogorov-Smirnov Test Asymp. Sig. (2-tailed)			0.200	
Durbin-Watson			1.934	
Adjusted R^2			0.288	
F-test			0.000	

SRD = Quality of Sustainability Report Disclosure; SIZE = Company Size; ESI = Environmentally Sensitive Industry; EOI = Employee Pressure; IOI = Shareholders' Pressure; EDEKOM = Effectiveness of the Board of Commissioners; FAM = Family Ownership.

Results and Discussion

Effect of Environmental Sensitive Industries on Sustainability Report Disclosure

The result of the hypothesis test that has been conducted shows that environmentally sensitive industries have a positive effect on sustainability report disclosure with one significant value-tail 0.002. Thus, H_1 is accepted. Industries that are environmentally sensitive are agriculture, mining, chemical industry, machinery, automotive and its components, cable, property, housing and construction, energy industry, toll roads, airports, ports, transportation, non-building construction, and electronics. Because of pressure from environmental groups and society in general, environmentally sensitive industries tend to disclose more information in sustainability reports to condone companies' operational activities. Companies are solicited by community and environmental groups to renew the earth that has been damaged by their operational activities. Therefore, companies carry out social responsibility activities and disclose them transparently in sustainability reports to meet the demands of the community. This is because the more sensitive the industry is to the environment, the more sensitive stakeholders will be to environmental information, and the more significant the corporate social responsibility report will be.

This research is supported by research conducted by Rudyanto and Siregar (2018), Fernandez-Feijoo et al. (2014), Sulaiman et al. (2014) proving that companies that are oriented to environmentally sensitive industries have a higher quality sustainability report than companies that are not oriented to environmentally sensitive industries.

Effect of Employee's Pressure on Sustainability Report Disclosure

The table of results of multiple regression tests shows that employee pressure does not have a positive effect on the quality of the sustainability report. Thus, H_2 is rejected. This proves that employee pressure does not encourage companies to disclose more information in the sustainability report. It indicates that the most valuable asset for the company in Indonesia up to now is not the employe, but tangible and visible assets. Therefore, employee pressure is not a big problem for companies, even though the company hires employees who understand and pay attention to whether the company where they work is socially responsible or not.

This study is consistent with the research of Rudyanto and Siregar (2018) who found that pressure exerted by workers positively affected the quality of sustainability report but that the number of workers did not affect the disclosure of the sustainability report.

Effect of Shareholders' Pressure on Sustainability Report Disclosure

The result of this study indicates that the shareholders' pressure has a positive effect on sustainability report disclosure, seen from the onetail significant value of 0.042. Thus, H_3 is accepted. Companies with high levels of share ownership concentration tend to have better sustainability reports than companies with low levels of share ownership concentration. This is because companies with a high level of share ownership concentration are in a group that has the same view of corporate moral responsibility. Likewise shareholders in the group also follow the same view of how sustainability is developed within the company.

Through a general meeting of shareholders (GMS) majority shareholders have the power to determine the company's sustainability activities. Shareholders can exert greater pressure by continuing to oversee the company's sustainability activities if shareholders have a high concentration of share ownership. Therefore, shareholder pressure can improve the sustainability report disclosure. This study is in line with research by Fernandez-Feijoo et al.

(2014), Margaritis and Psillaki (2010) and Cris'ostomo et al. (2013), which found that shareholders' pressure has a positive effect on corporate social responsibility reports.

Effect of the Effectiveness of the Board of Commissioners on Sustainability Report Disclosure

The results of the hypothesis test revealed that the effectiveness of the board of commissioners does not have a positive effect on the sustainability report disclosure, with one significant value-tail 0.288. Thus, H4 is rejected. Even though there is Limited Liability Company Law No. 40/2007 that explains that the board of commissioners is the organ of the company that is responsible for conducting general oversight or giving advice to directors in accordance with the articles of association, the function of the board of commissioners in Indonesia is still not effective. This shows that the existence of the board of commissioners in companies in Indonesia only has to meet the requirements of the law, so that the board's function is not yet effective. Because the board of commissioners do not act effectively as a supervisor who controls and manages the manager (agent), in order to establish company management in accordance with the interests of stakeholders, they do not really require management to disclose more inside information in sustainability report. This research is not in line with research according to Rudyanto and Siregar (2018), Das Dixon and Michael (2015) who found that the effectiveness of the board of commissioners had a positive effect on the quality of sustainability reports.

Influence of Family Ownership on Sustainability Report Disclosure

Family ownership does not have a positive effect on the quality of sustainability report, seen from the onetail significant value of 0.452. Thus, H5 is rejected. Share ownership in developing countries is largely controlled by shares owned by families including in Indonesia. Family ownership-oriented companies have a stronger leadership concentration on family leadership (Rudyanto and Siregar, 2018). The ethics brought by the family into the company makes the family-based company have a stronger moral and ethical value than other companies. They have moral responsibility awareness but shareholders do not have interest in sustainability matters.

This research is not consistent with research Gavana et al. (2016); and Gomez-Mejia (2016), who found that family ownership does not affect the quality of the sustainability report but it is supported with by Rudyanto and Siregar (2018). This can indicate that there is no difference in the sustainability report disclosure between companies with family ownership in Indonesia and companies without family ownership. This is because companies with family ownership have ethical conflicts. Therefore the result of the study is contrary with Gavana et al., (2017) that states family-based companies will prioritize their family's reputation and will be an incentive to make high quality sustainability reports.

Effect of Company Size on Sustainability Report Disclosure

The result of the hypothesis testing reveals that the company size has a positive effect on sustainability report disclosure with with one significant value-tail 0.012. Thus, H_6 is accepted. Company size relates to all activities in the company. Company size can be measured through the composition and number of assets owned or the level of sales that occur in the company. Theoretically large companies are not released from pressure and larger companies have more operational activities; this gives a greater influence on the community, and they may have more stakeholders who will always pay attention to social activities carried out by the company, so that disclosure of corporate social information will be more extensive. This results in larger companies being required to disclose more of their social responsibilities.

Larger companies tend to spend more on disclosing broader information in order to maintain the company's legitimacy. Company legitimacy can be realized through disclosure of sustainability reports. This research is supported by research conducted by Rudyanto and Siregar (2018), Guthrie and Parker (1989) and Hackston and Milne (1996) which proves that company size has a positive influence on corporate social responsibility.

Effect of Environmentally Sensitive Industries on Sustainability Report Disclosure with Assurance as Moderating Variables

Based on hypothesis tests, it can be concluded that assurance strengthens the relationship between Environmentally Sensitive Industries and Sustainability Report Disclosure quality of sustainability report. Thus, H7 is accepted. Research by Feijoo et al., (2014) proves that environmentally sensitive industries have a significant effect on the transparency of sustainability reports. This is because the use of assurance services can increase the credibility and transparency of sustainability reports and companies want sustainability report publications to be seen by the general public and investors regarding the company's operational activities in the environmental field in order to increase public trust.

Nasution and Adhariani's (2016) research also proves that the use of external assurance services has a positive influence on the quality of CSR disclosure. The use of assurance services can have a positive impact because assurance services can provide a higher quality of information and are seen to be more trustworthy and more useful for companies and for information users (GRI, 2019).

Effect of Employee's Pressure on Sustainability Report Disclosure with Assurance as Moderating Variable

Assurance does not strengthen the effect of Employee's Pressure on sustainability report disclosure with one significant value-tail 0.131. Thus, H8 is rejected. This research is not in line with research by Feijoo et al., (2014) which proves that labour-oriented industries have a significant effect on the transparency of sustainability reports. In this study the large number of employees does not affect the level of company pressure to produce transparent and good quality sustainability reports. Therefore, it is not surprising that the use of assurance services may not increase the credibility and transparency of sustainability reports as the company does not accept pressure from employees to disclose more information in their sustainability report.

Effect of Shareholder Pressure on Sustainability Report Disclosure with Assurance as a Moderating Variable

The result of this study indicates that assurance strengthens the effect shareholder's pressure has on the quality of sustainability disclosure, proven from the onetail significant value of 0.007. Thus, H_9 is accepted. Investor-oriented industries (shareholders) have a significant effect on transparency report sustainability (Feijoo et al., 2014). It is because companies with high pressure from investors present sustainability reports with higher report quality with more disclosure. The results showed that there was pressure from financial markets to increase the level of investor confidence by improving the quality of reporting.

As the use of external assurance services and GRI adoption have a positive influence on the quality of CSR disclosure (Nasution and Adhariani's research (2016), assurance services are needed to gain trust from the public. Then, sustainability reports that have been established by external parties appear to be more reliable for company decision making than those that are not assured. That is why assurance strengthens the effect of shareholder's pressure on the quality of sustainability disclosure.

Effect of the Effectiveness of the Board of Commissioners on Sustainability Report Disclosure with Assurance as Moderating Variable

This study fails to prove that assurance strengthens the relationship between effectiveness of the board of commissioners and sustainability report disclosure, seen from the onetail significant value of 0.173. Thus, H_{10} is rejected. As the result of this study reveals that commissioners do not have a positive effect on the sustainability report disclosure (H_4 rejected), it is not surprising that assurance may not strengthen the relationship between these two variables. The existence of the board of commissioners in Indonesian companies is only to meet the requirements of the law, so is the board function to encourage the use of assurance. The board of Commissioners is only to encourage the management in the use of assurance but it does not care about the content of the Disclosure of Sustainability Report.

This study does not support the statement of Ferrero et al., (2017) which provides evidence that company sustainability assurance services have a positive effect on board size. The size of the board does not affect the use of assurance services to gain a sense of trust, credibility, and transparency, in improving the quality of company sustainability reports.

Effect of Family Ownership on Sustainability Report Disclosure with Assurance as a Moderating Variable

Based on the results of this study, it has been shown that the interaction of assurance and family ownership has a significant influence on the sustainability report disclosure with one tailed significance of 0.012. However, since H_6 is rejected (family ownership has no significant effect on the quality of sustainability disclosure) so that the variable of assurance interaction and family ownership may not strengthen the relationship with the quality of sustainability report. This study is not in line with research by Ferrero et al., (2017) which provides evidence that family-oriented business has a positive effect on assurance services. This can indicate that there is no difference in sustainability report disclosure between companies with family ownership and companies without family ownership in Indonesia. This is because companies with family ownership have ethical conflicts and also consider the cost of using assurance services and are not required to use assurance for their companies.

Effect of Company Size on Sustainability Report Disclosure with Assurance as Moderating Variable

The result of this study shows that the interaction of assurance and company size strengthens the relationship to the sustainability report disclosure, seen from the onetail significant value of 0.000. Thus, H_{12} is accepted. The size of the company can affect the extent of information disclosure in the company's inside information including Sustainability Report. Large companies tend to disclose more and more extensive information compared to smaller companies. In agency theory it is useful to reduce the large agency costs and to face greater political risk, namely the pressure to carry out social responsibility.

Research Branco et al., (2014) proves that company size influences sustainability reports that use assurance services. Assurance services function to enhance the credibility and reliability of sustainability reports, some organisations involve assurance from external independent parties in their sustainability reports. Higher quality information is seen as more reliable and more useful for companies and for information users (GRI, 2019). Therefore, assurance strengthens the relationship between company size and the sustainability report disclosure.

Conclusions, Limitations, Implications and Suggestions

Based on the results, it can be concluded that environmentally sensitive industries, shareholder pressure and company size have positive influence on sustainability report disclosure. It indicates that environmentally sensitive industries - companies have more of sustainability report disclosures than non-environmentally sensitive companies. These results indicate that Indonesian companies are already concerned about environment conditions and their operational impact on the environment. Shareholders with a high concentration of share ownership can exert greater pressure by continuing to oversee the company's sustainability activities, and shareholder pressure can increase the sustainability report disclosure. Larger companies are asked to disclose more of their social responsibilities so that larger companies tend to spend more on disclosing broader information in order to maintain the company's legitimacy. Company legitimacy can be realised through disclosure of sustainability reports. Employee's pressure, the effectiveness of the board of commissioners, and family ownership do not have positive influences on sustainability report disclosure. It is suspected that the most valuable asset for the company in Indonesia up to now is not the employe, but still tangible and visible assets. Employee's pressure to disclose more information in sustainability reports is not an important thing for the company. The family-based companies have a stronger moral and ethical value than other companies. They have moral responsibility awareness but shareholders do not have much interest in sustainability matters.

Assurance may strengthen the effect of environmentally sensitive industries, shareholder pressure and company size on sustainability report disclosure. As assurance services function to enhance the credibility and reliability of sustainability reports, it will increase the effect of environmentally sensitive industries, shareholder pressure and company size on sustainability report disclosure. However, Assurance does not strengthen the effect of employee's pressure, the effectiveness of the board of commissioners, and family ownership on sustainability report. It indicates that the function of assurance services to enhance the credibility and reliability of sustainability reports cannot be proved from the relationship between the employee's pressure, the effectiveness of the board of commissioners, family ownership and sustainability report disclosure.

One limitation of this study is that number of available samples is restricted because only selected companies that use G-4 indicators in the sustainability report disclosure with complete data can be used as a sample. This study also does not concern the different pressure of each stakeholder on sustainability reports disclosure.

The implications that can be taken from this research are as follows: The results of this study can be taken into consideration for management and corporate stakeholders in the decision making process, the pressure of shareholders has a positive effect on the quality of sustainability report. This result shows that through the general meeting of shareholders (AGM), the majority shareholders have the power to determine company sustainability activities. Shareholders can exert greater pressure by continuing to oversee the company's sustainability activities if shareholders have a high concentration of share ownership. It also proves that assurance strengthens the influence of environmentally sensitive industries on the quality of sustainability reports. So by using assurance services, the quality of sustainability report will increase because the use of assurance services can increase the sustainability report publication so that it can be seen by the general public and investors regarding the company's operational activities in the environmental field in order to increase public trust.

It can be concluded from this study that the environmentally sensitive industry, shareholder pressure, company size, and assurance can affect company's sustainability report disclosure. As consideration in making a decision, these factors can be considered to assess the company's sustainability report disclosure.

Based on the results of the analysis and discussion above, it is suggested that for the next research it will be important to extend the research period and increase the number of samples by using not only cross country data. The researcher then might add other variables that are thought to affect the the sustainability report disclosure, such as government ownership, gender of the board of commissioners, leverage ratio, or other financial accounting.

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