

The Effect of Stakeholder Pressure on Sustainability Disclosure: The Moderating Role of Business Risk

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ABSTRACT

This study examines the effect of stakeholder pressure on sustainability disclosure and investigates the moderating role of business risk. The study uses secondary data obtained from annual reports and sustainability reports of energy, industrials, and consumer non-cyclicals companies listed on the Indonesia Stock Exchange during 2021–2025. A total of 21 companies with 105 firm-year observations were selected using purposive sampling. Sustainability disclosure was measured using the Global Reporting Initiative (GRI) Standards 2021, while business risk was proxied by the Coefficient of Variation (CV) of EBIT. Data were analyzed using a Fixed Effect Model and Moderated Regression Analysis. The findings reveal that stakeholder pressure has a significant negative effect on sustainability disclosure. Furthermore, business risk does not moderate the relationship between stakeholder pressure and sustainability disclosure. These results indicate that increasing stakeholder pressure does not necessarily encourage broader sustainability disclosure practices among high-profile industries.

Keywords: Stakeholder Pressure; Sustainability Disclosure; Business Risk; High-Profile Industries

Pengaruh Tekanan Stakeholder terhadap Sustainability Disclosure: Peran Moderasi Risiko Bisnis

ABSTRAK

Penelitian ini bertujuan menguji pengaruh stakeholder pressure terhadap sustainability disclosure serta menganalisis peran risiko bisnis sebagai variabel moderasi. Penelitian menggunakan data sekunder yang diperoleh dari laporan tahunan dan laporan keberlanjutan perusahaan sektor energi, industrials, dan consumer non-cyclicals yang terdaftar di Bursa Efek Indonesia periode 2021–2025. Sampel penelitian terdiri atas 21 perusahaan dengan 105 observasi yang dipilih menggunakan purposive sampling. Sustainability disclosure diukur berdasarkan Global Reporting Initiative (GRI) Standards 2021, sedangkan risiko bisnis diproksikan menggunakan Coefficient of Variation (CV) EBIT. Data dianalisis menggunakan Fixed Effect Model dan Moderated Regression Analysis. Hasil penelitian menunjukkan bahwa stakeholder pressure berpengaruh negatif signifikan terhadap sustainability disclosure. Selain itu, risiko bisnis tidak mampu memoderasi hubungan antara stakeholder pressure dan sustainability disclosure. Temuan ini mengindikasikan bahwa peningkatan tekanan stakeholder tidak selalu mendorong perusahaan untuk memperluas praktik pengungkapan keberlanjutan.

Kata Kunci Stakeholder Pressure; Sustainability Disclosure; Risiko Bisnis; Industri Berprofil Tinggi

Artikel dapat diakses : <https://ejournal1.unud.ac.id/index.php/akuntansi/index>



e-ISSN 2302-8556

Vol. 36 No. 7

Denpasar, 31 Juli 2026

Hal. 1457-1474

DOI:

10.24843/EJA.2026.v36.i07.p08

PENGUTIPAN:

Susantika, Hadiwibowo, I., Riztin, M., F. (2026). The Effect of Stakeholder Pressure on Sustainability Disclosure: The Moderating Role of Business Risk. *E-Jurnal Akuntansi*, 36(7), 1457-1474

RIWAYAT ARTIKEL:

Artikel Masuk:

28 Mei 2026

Artikel Diterima:

31 Juni 2026

INTRODUCTION

Modern corporations are increasingly expected to create long-term value by integrating economic, environmental, and social objectives into their business strategies. Growing stakeholder awareness of sustainable development has transformed sustainability disclosure from a voluntary communication practice into a strategic mechanism for enhancing corporate transparency, accountability, and legitimacy. Globally, the expansion of sustainability reporting standards and environmental, social, and governance (ESG) initiatives has further strengthened stakeholder expectations for comprehensive sustainability disclosure (Bolognesi et al., 2025; Velte, 2022). In Indonesia, these expectations are reinforced through Financial Services Authority Regulation No. 51/POJK.03/2017, which requires listed companies to publish sustainability reports regularly. The regulation reflects a transition from voluntary disclosure toward mandatory sustainability reporting and emphasizes the government's role in encouraging corporate transparency and sustainable business practices (Deegan, 2002; OJK, 2017).

According to Stakeholder Theory, sustainability disclosure functions as an essential communication mechanism through which firms demonstrate accountability to stakeholders affected by their operations. Investors, regulators, customers, employees, and local communities increasingly demand transparent information regarding corporate environmental, social, and governance performance when evaluating organizational sustainability (Dmytriiev et al., 2021; Fernandez-feijoo et al., 2018). Consequently, stakeholder pressure has become one of the primary external drivers influencing corporate sustainability disclosure. Firms experiencing stronger stakeholder demands are generally expected to disclose sustainability information more comprehensively to strengthen stakeholder trust, maintain organizational legitimacy, and reduce information asymmetry (Majdi, 2023; Rudyanto & Siregar, 2018).

Despite the existence of mandatory reporting regulations, the publication of sustainability reports remains inconsistent across companies (KPMG, 2022). Data from companies operating in the energy, industrials, and consumer non-cyclicals sectors during the 2021–2025 period reveal fluctuating reporting trends. In the energy sector, the proportion of companies issuing sustainability reports increased from 38.46% in 2021 to 46.15% in 2023 before declining slightly to 42.86% in 2025. The industrials sector experienced the most substantial increase, rising from 32.31% in 2021 to 61.54% in 2024, followed by a decline to 47.69% in 2025. Meanwhile, the consumer non-cyclicals sector consistently recorded the highest reporting rates, reaching 73.48% in 2024 before decreasing to 58.33% in 2025. These findings suggest that sustainability reporting practices have improved over time; however, considerable disparities among firms and fluctuations across reporting periods remain evident.

These findings suggest that sustainability reporting practices have improved over time; however, considerable disparities among firms and fluctuations across reporting periods remain evident. Such variations indicate that, although sustainability reporting has become increasingly institutionalized following regulatory reforms, companies continue to exhibit heterogeneous disclosure practices. Previous studies suggest that differences in sustainability disclosure are influenced not only by regulatory compliance but also by firm-

specific characteristics, stakeholder expectations, and institutional environments (Bolognesi et al., 2025; Hummel & Schlick, 2016; Orazalin et al., 2020). Therefore, regulatory pressure alone may not fully explain the extent of sustainability disclosure, highlighting the need to examine additional determinants such as stakeholder pressure and business risk.

The uneven adoption of sustainability reporting indicates that disclosure practices are influenced by factors beyond regulatory compliance, including both internal and external corporate characteristics (Hummel & Schlick, 2016; Orazalin et al., 2020). This issue is particularly relevant in high-profile industries, which are characterized by greater public visibility and more substantial social and environmental impacts (Hackston & Milne, 1996). Due to their visibility and potential environmental consequences, companies operating in these industries are expected to face stronger stakeholder pressure and, consequently, greater demands for transparent sustainability disclosure (Roberts, 1992).

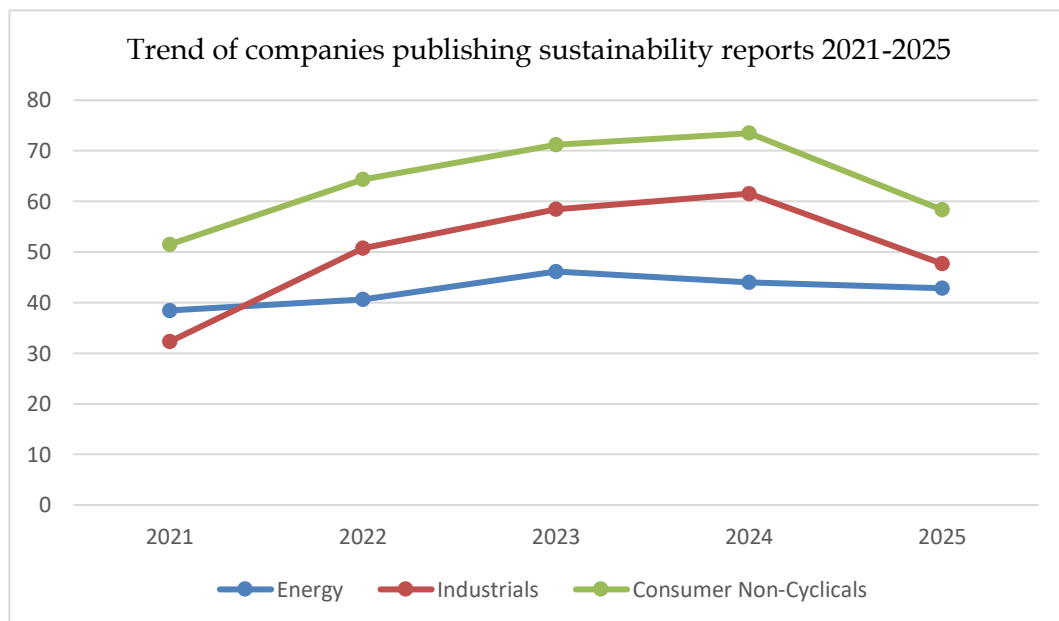


Figure 1. Trend of companies publishing sustainability reports 2021-2025

Source: Research Data, 2026

Previous studies have reported inconsistent empirical evidence regarding the relationship between stakeholder pressure and sustainability disclosure, suggesting that the influence of stakeholder demands remains highly context dependent. Several studies documented that stronger stakeholder pressure encourages firms to improve sustainability disclosure because companies seek to maintain legitimacy and respond to stakeholder expectations (Fernandez-feijoo et al., 2018; Rudyanto & Siregar, 2018; Ruhiyat et al., 2022). More recent evidence also indicates that government pressure, shareholder pressure, and customer pressure positively influence sustainability disclosure through improved corporate sustainability practices and green innovation (Sulemana et al., 2025). However, other studies reported insignificant or mixed findings, indicating that stakeholder pressure does not always lead to broader sustainability disclosure (Artheta et al., 2025; Mukhtaruddin et al., 2024). These inconsistent findings imply that corporate

responses to stakeholder pressure may vary according to regulatory environments, governance quality, organizational characteristics, and the degree of business uncertainty faced by firms (Bolognesi et al., 2025; Orazalin et al., 2020).

Although previous studies have substantially advanced the sustainability disclosure literature, several important research gaps remain. First, empirical findings concerning the effect of stakeholder pressure remain inconsistent, indicating that the relationship has not yet reached theoretical consensus. Second, evidence regarding the moderating role of business risk remains limited, with previous studies reporting inconsistent results across different stakeholder dimensions (Mukhtaruddin et al., 2024; Orazalin et al., 2020). Third, only a limited number of recent studies have explicitly employed the GRI Standards 2021 as the basis for measuring sustainability disclosure, indicating that further empirical evidence using the latest reporting framework is still needed. Finally, limited studies have simultaneously examined stakeholder pressure and business risk within high-profile industries, despite these industries experiencing greater environmental exposure, stakeholder scrutiny, and regulatory oversight (Bolognesi et al., 2025; Hackston & Milne, 1996). These gaps provide a strong rationale for re-examining the relationship between stakeholder pressure and sustainability disclosure by incorporating business risk as a moderating variable.

The existence of these inconsistent findings highlights an important research gap that warrants further examination. Previous studies have paid limited attention to high-profile industries, which generally attract greater public scrutiny and generate more substantial social and environmental impacts (Hackston & Milne, 1996; Roberts, 1992). Moreover, empirical evidence regarding the moderating role of business risk remains inconclusive (Mukhtaruddin et al., 2024; Orazalin et al., 2020). Therefore, this study seeks to re-examine the effect of stakeholder pressure on sustainability disclosure while incorporating business risk as a moderating variable to provide additional insights into the inconsistencies observed in prior research.

This study focuses on companies operating in the energy, industrials, and consumer non-cyclicals sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. These sectors were selected because they represent high-profile industries characterized by substantial environmental and social impacts as well as high levels of public visibility (Hackston & Milne, 1996; Roberts, 1992). The energy sector is closely associated with natural resource utilization, the industrials sector involves large-scale production activities, and the consumer non-cyclicals sector maintains direct interactions with end consumers. As a result, firms operating within these sectors are expected to face stronger stakeholder pressure and greater demands for transparency regarding sustainability-related practices (Fernandez-feijoo et al., 2018; Roberts, 1992).

The novelty of this study lies in three key aspects. First, sustainability disclosure is measured using the Global Reporting Initiative (GRI) Standards 2021, which comprise 85 disclosure indicators covering economic, environmental, and social dimensions. Second, the study specifically investigates companies operating in high-profile industries that are characterized by substantial public exposure and significant environmental impacts (Hackston & Milne, 1996; Roberts, 1992). Third, this study incorporates business risk, measured using the Coefficient of Variation

(CV) of Earnings Before Interest and Taxes (EBIT), as a moderating variable in the relationship between stakeholder pressure and sustainability disclosure. This approach addresses an area where previous empirical findings remain inconclusive (Mukhtaruddin et al., 2024; Orazalin et al., 2020).

This study is expected to contribute both theoretically and practically. From a theoretical perspective, it extends the literature on stakeholder pressure and sustainability disclosure by examining the moderating role of business risk within the context of high-profile industries in Indonesia. From a practical perspective, the findings are expected to provide valuable insights for corporate managers in developing sustainability disclosure strategies that are more responsive to stakeholder expectations while considering the level of business risk faced by the company.

This study is grounded in Stakeholder Theory proposed by Freeman (1984) and Legitimacy Theory introduced by Dowling and Pfeffer (1975). Stakeholder Theory argues that corporate success depends not only on the interests of shareholders but also on the support of various stakeholder groups that are affected by corporate activities. These stakeholders include customers, employees, governments, investors, local communities, and other parties with an interest in the firm's operations. Accordingly, companies are expected to create value for multiple stakeholder groups in order to maintain long-term sustainability and organizational success (Dmytriyev et al., 2021; Fontaine et al., 2006). Within the context of sustainability, stakeholder demands encourage firms to improve transparency through the disclosure of social, environmental, and governance-related information (Fernandez-feijoo et al., 2018).

Complementing Stakeholder Theory, Legitimacy Theory explains that organizations continuously seek to obtain and maintain social approval by aligning their activities with prevailing societal norms, values, and expectations (Dowling & Pfeffer, 1975). Companies are expected to operate within the boundaries of what society considers acceptable and responsible. When a discrepancy arises between corporate actions and stakeholder expectations, a legitimacy gap may emerge, potentially threatening organizational reputation and long-term survival (Deegan, 2002). Sustainability disclosure therefore serves as an important mechanism through which companies communicate their commitment to responsible business practices and maintain legitimacy in the eyes of stakeholders and society.

Drawing on both theoretical perspectives, stakeholder pressure is expected to influence corporate sustainability disclosure practices. Stakeholder pressure represents an external governance mechanism that encourages firms to enhance transparency and accountability. As stakeholders increasingly demand information regarding environmental and social performance, companies are likely to respond by expanding the scope and quality of sustainability disclosures as a means of maintaining legitimacy and strengthening stakeholder relationships (Rudyanto & Siregar, 2018).

Empirical evidence generally supports this argument. (Mukhtaruddin et al., 2024) found that consumer pressure and external stakeholder pressure significantly affect sustainability disclosure practices. Similarly, (Wulan, 2025) reported that pressures originating from government institutions and employees

contribute to higher levels of sustainability disclosure. (Fernandez-feijoo et al., 2018; Pratiwi & Lastiati, 2023) also documented a positive relationship between stakeholder pressure and the quality of sustainability reporting. Furthermore, (Sulemana et al., 2025) demonstrated that pressures from governments, shareholders, and customers significantly influence sustainability disclosure through green technological innovation. From a stakeholder salience perspective, (Majdi, 2023) found that the influence of powerful stakeholder groups, including employees, communities, and media organizations, positively affects corporate sustainability disclosure practices.

Based on the theoretical arguments and empirical findings discussed above, stakeholder pressure is expected to encourage companies to disclose sustainability information more extensively. Firms facing stronger pressure from stakeholders are likely to increase transparency in order to maintain legitimacy and satisfy stakeholder expectations. Therefore, the first hypothesis of this study is formulated as follows:

H₁: Stakeholder pressure affects sustainability disclosure.

Business risk refers to the level of uncertainty associated with a company's operational activities that may affect its performance and long-term sustainability (Brigham & Houston, 2007). An appropriate measurement of business risk should account for differences in firm size and operational scale. Therefore, this study employs the Coefficient of Variation (CV) of Earnings Before Interest and Taxes (EBIT) as a proxy for business risk. The CV of EBIT measures the relative volatility of earnings by comparing the standard deviation of EBIT to its mean value, thereby enabling more accurate comparisons across firms of different sizes (Orazalin et al., 2020).

From the perspective of Legitimacy Theory, companies operating under higher levels of uncertainty are likely to experience stronger demands for transparency and accountability from stakeholders. In such circumstances, sustainability disclosure may function as a strategic mechanism to reduce information asymmetry, strengthen stakeholder trust, and maintain organizational legitimacy (Linsley et al., 2006; Velte, 2022). Consequently, firms facing greater business risk may be more inclined to disclose sustainability-related information in order to reassure stakeholders regarding their ability to manage economic, environmental, and social challenges.

Previous empirical studies provide evidence supporting the potential moderating role of business risk. (Orazalin et al., 2020) reported that companies facing higher levels of risk tend to enhance sustainability disclosure as a strategy to mitigate information asymmetry and preserve stakeholder confidence. Similarly, (Mukhtaruddin et al., 2024) found that business risk moderates the relationship between stakeholder pressure and sustainability disclosure, although the effect was observed only in the context of consumer pressure. Other studies have also suggested that corporate risk conditions may influence how firms

respond to stakeholder expectations and external demands (Artheta et al., 2025; Ningsih & Retnoningsih, 2026).

Based on these theoretical arguments and empirical findings, business risk is expected to influence the extent to which companies respond to stakeholder pressure. Firms operating under higher levels of risk may perceive sustainability disclosure as a more important strategic tool for maintaining legitimacy and reducing uncertainty. As a result, the influence of stakeholder pressure on sustainability disclosure is expected to vary depending on the level of business risk faced by the company. Therefore, the second hypothesis of this study is formulated as follows:

H₂: Business risk moderates the effect of stakeholder pressure on sustainability disclosure.

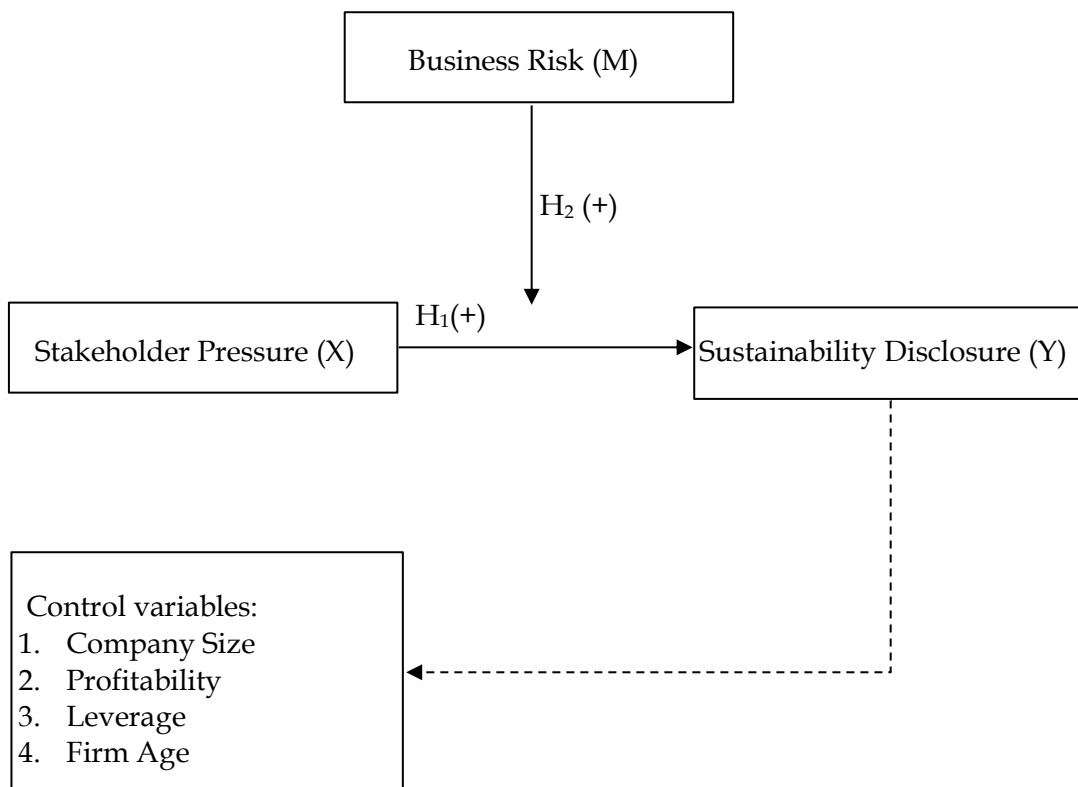


Figure 2. Research Model

Source: Research Data, 2026

RESEARCH METHOD

This study employs a quantitative research approach using secondary data collected from the annual reports and sustainability reports of companies operating in the energy, industrials, and consumer non-cyclicals sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. The reports were obtained through the official IDX website and the respective corporate websites. The study focuses on sustainability disclosure as the dependent variable and examines its relationship with stakeholder pressure and business risk.

The sampling process was conducted using a purposive sampling technique. The sample selection criteria were as follows: (1) companies operating in the energy, industrials, and consumer non-cyclicals sectors and continuously listed on the Indonesia Stock Exchange during 2021–2025; (2) companies that consistently published annual reports and/or sustainability reports throughout the observation period; and (3) companies with complete financial and non-financial information required to measure all research variables.

Unlike some previous studies, this research does not exclude firms reporting negative earnings. The inclusion of loss-making companies aims to avoid sample selection bias and ensure that the sample adequately represents the actual characteristics of the population. This approach enables a more comprehensive assessment of the relationship between stakeholder pressure and sustainability disclosure under different financial performance conditions. The sample selection process is presented in Table 1.

Table 1. Sample Selection Process

No.	Criteria	Total
1	Energy, industrials, and consumer non-cyclicals companies listed on the IDX during 2021–2025	288
2	Companies that did not consistently publish annual reports during 2021–2025	(111)
3	Companies that did not consistently publish sustainability reports during 2021–2025	(146)
4	Companies with incomplete data related to the research variables	(10)
5	Final sample companies	21
6	Total observations (21 × 5 years)	105

Source: Research Data, 2026

Based on the sample selection procedure, this study obtained 105 firm-year observations from companies operating in the energy, industrials, and consumer non-cyclicals sectors. Information related to stakeholder pressure, business risk, sustainability disclosure, and control variables was collected from annual reports, financial statements, and sustainability reports corresponding to each observation year.

The dependent variable in this study is sustainability disclosure (SD) serves as the dependent variable in this study and is measured using a content analysis approach based on the Global Reporting Initiative (GRI) Standards 2021 (GRI, 2021). The measurement consists of 85 disclosure indicators covering economic (GRI 200), environmental (GRI 300), and social (GRI 400) dimensions. A score of 1 is assigned when a company discloses a particular item, whereas a score of 0 is assigned when the item is not disclosed. The Sustainability Disclosure Index (SDI) is calculated by dividing the total number of disclosed items by the total number of applicable disclosure items (Rudyanto & Siregar, 2018), as follows:

$$SDI = \sum Xi / n \dots\dots\dots (1)$$

Where:

SDI = Sustainability Disclosure Index

Xi = Disclosure score for item *i* (1 if disclosed; 0 otherwise)

n = Total disclosure items (85 indicators)

Stakeholder pressure (SP) represents the independent variable and reflects external pressures exerted by stakeholders on corporate activities. Following (Rudyanto & Siregar, 2018), stakeholder pressure is measured using three dimensions: environmental pressure, employee pressure, and consumer pressure. Environmental pressure is measured using a dummy variable approach. Companies operating in environmentally sensitive industries, such as energy, mining, and heavy manufacturing, are assigned a value of 1, while firms operating in less environmentally sensitive industries are assigned a value of 0 (Widyastuti & Wijayanti, 2022). This classification assumes that environmentally intensive industries face stronger scrutiny from regulators and society regarding environmental accountability.

Employee pressure is measured using the natural logarithm of the total number of employees. This proxy assumes that larger workforces generate stronger internal demands for transparency, employee welfare, and social responsibility practices (Artheta et al., 2025).

Consumer pressure is also measured using a dummy variable. Firms operating in consumer-oriented industries, including consumer non-cyclicals, retail, and healthcare sectors, are assigned a value of 1, whereas firms with limited direct interaction with end consumers are assigned a value of 0 (Alfaiz & Aryati, 2019). This approach reflects the assumption that companies serving end consumers experience greater pressure to disclose sustainability-related information. The stakeholder pressure index is calculated as the average value of the three dimensions, as follows:

$$SP\ Index = (EnP + EP + CP)/3 \dots\dots\dots(2)$$

Where:

SP Index = Stakeholder Pressure Index

EnP = Environmental Pressure

EP = Employee Pressure

CP = Consumer Pressure

To address heteroscedasticity issues observed after incorporating interaction terms into the moderation model, the stakeholder pressure variable was transformed using the natural logarithm (LN_SP). According to (Gujarati & Porter, 2009), logarithmic transformation is commonly applied to improve model reliability and satisfy classical regression assumptions.

Business risk (CVEBIT) acts as the moderating variable in this study and is measured using the Coefficient of Variation (CV) of Earnings Before Interest and Taxes (EBIT). The CV of EBIT captures the relative volatility of corporate earnings by comparing the standard deviation of EBIT with its mean value over the observation period (Beaver et al., 1970; Orazalin et al., 2020).

Compared with a simple standard deviation measure, the coefficient of variation provides a more reliable indicator because it accounts for differences in firm size and operational scale, thereby facilitating meaningful comparisons across companies (Brigham & Houston, 2007). The business risk measure is calculated as follows:

$$CV\ EBIT = SD(EBIT) / Mean(EBIT) \dots\dots\dots(3)$$

Where:

CVEBIT = Coefficient of Variation of EBIT

SD(EBIT) = Standard deviation of EBIT

Mean(EBIT) = Average EBIT

A higher CVEBIT value indicates greater earnings volatility and, consequently, a higher level of business risk.

To improve the robustness of the empirical model, this study incorporates four control variables, namely firm size, profitability, leverage, and firm age.

Firm size (SIZE) is measured using the natural logarithm of total assets (Laili & Apramilda, 2023). The logarithmic transformation is employed to reduce the scale effect associated with large asset values while preserving proportional relationships among observations (Putra & Setiawan, 2022). Firm size is calculated as follows:

$$\text{SIZE} = \ln(\text{Total Assets}) \dots\dots\dots (4)$$

Profitability (ROE) is measured using Return on Equity (ROE), calculated as net income divided by total equity. This ratio reflects management's effectiveness in generating returns from shareholders' investments (Putra & Setiawan, 2022; Wiagustini, 2014).

$$\text{ROE} = \text{Net Income} / \text{Total Equity} \dots\dots\dots (5)$$

Leverage (DAR) is measured using the Debt-to-Asset Ratio (DAR), which indicates the extent to which company assets are financed through debt (Pramita & Ariyanto, 2024; Yovana & Kadir, 2020).

$$\text{DAR} = \text{Total Debt} / \text{Total Assets} \dots\dots\dots (6)$$

Firm age (AGE) is measured as the difference between the observation year and the year in which the company was established. This variable reflects organizational maturity and accumulated operational experience.

$$\text{AGE} = \text{Observation Year} - \text{Establishment Year} \dots\dots\dots (7)$$

The data were analyzed using descriptive statistics, classical assumption tests, panel data regression analysis, and Moderated Regression Analysis (MRA). Descriptive statistics were employed to provide an overview of the characteristics and distribution of the research variables.

Panel data regression was estimated using three alternative approaches: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The most appropriate model was selected through the Chow test and Hausman test procedures (Basuki, 2021). The Chow test was used to determine whether the Fixed Effect Model was preferable to the Common Effect Model, while the Hausman test was applied to compare the Fixed Effect Model and Random Effect Model.

To ensure the reliability of the regression estimates, classical assumption tests were conducted. Multicollinearity was evaluated using correlation coefficients among independent variables, with correlation values below 0.90 indicating the absence of multicollinearity. Heteroscedasticity was assessed using the Glejser test, where probability values greater than 0.05 indicate homoscedastic residuals and compliance with regression assumptions.

Hypothesis testing was performed using t-statistics to evaluate the significance of individual regression coefficients and the coefficient of determination (Adjusted R²) to assess the explanatory power of the model.

The moderating effect of business risk was examined using Moderated Regression Analysis (MRA). The regression model is specified as follows:

$$SD = \alpha + \beta_1 SP + \beta_2 CVEBIT + \beta_3 (SP \times CVEBIT) + \beta_4 SIZE + \beta_5 ROE + \beta_6 DAR + \beta_7 AGE + \varepsilon \quad (8)$$

Where:

SD	= Sustainability Disclosure
SP	= Stakeholder Pressure
CVEBIT	= Business Risk (Coefficient of Variation of EBIT)
SP × CVEBIT	= Interaction term between stakeholder pressure and business risk
SIZE	= Firm Size
ROE	= Profitability
DAR	= Leverage
AGE	= Firm Age
α	= Constant
β ₁ -β ₇	= Regression coefficients
ε	= Error term

Hypothesis testing was conducted in two stages. The first stage examined the direct effect of stakeholder pressure on sustainability disclosure without including the moderating variable (Model 1). The second stage incorporated business risk and the interaction term between stakeholder pressure and business risk to evaluate the moderating effect (Model 2). Comparing the results of both models enables an assessment of whether business risk functions as a moderator.

The classification of moderation effects follows the criteria proposed by Ghozali (2016). Business risk is categorized as a pure moderator when the interaction term is significant while the moderating variable itself is insignificant. It is classified as a quasi moderator when both the moderating variable and interaction term are significant. Conversely, business risk is considered not to act as a moderator when the interaction term is statistically insignificant.

RESULTS AND DISCUSSION

This section presents the empirical findings of the study. The analysis begins with descriptive statistics to provide an overview of the characteristics and distribution of the research variables. Subsequently, the appropriate panel data estimation model is determined through model selection tests, followed by hypothesis testing to examine the direct effect of stakeholder pressure and the moderating role of business risk on sustainability disclosure. The results are then interpreted based on Stakeholder Theory, Legitimacy Theory, and previous empirical studies.

Table 2. Descriptive Statistics

Variable	Obs	Mean	Median	Maximum	Minimum	Std. Dev.
SD	105	0.572	0.612	1.000	0.024	0.239
SP	105	1.162	1.117	2.905	0.077	0.577
SIZE	105	21.614	18.851	31.160	12.814	6.064
ROE	105	0.129	0.130	0.554	-1.177	0.189
DAR	105	0.404	0.401	0.832	0.065	0.186
AGE	105	20.190	16.000	52.000	0.000	13.238

Source: Processed Data, 2026.

Table 2 presents the descriptive statistics of the research variables based on 105 firm-year observations. Sustainability Disclosure (SD) has a mean value of 0.572, indicating that, on average, companies disclosed approximately 57.2% of the sustainability indicators specified in the GRI Standards 2021. This finding suggests that although sustainability reporting has become increasingly institutionalized following the implementation of mandatory reporting regulations, the overall level of sustainability disclosure among Indonesian high-profile companies remains moderate rather than comprehensive. In other words, many companies have complied with minimum reporting requirements but have not yet fully disclosed all relevant sustainability information.

The minimum value of 0.024 and the maximum value of 1.000 indicate substantial variation in sustainability disclosure practices across the sampled firms. This wide dispersion suggests that while some companies have adopted comprehensive sustainability reporting practices, others continue to disclose only a limited number of sustainability indicators. These differences imply that the implementation of sustainability reporting remains heterogeneous among Indonesian companies despite the existence of mandatory disclosure regulations. Stakeholder Pressure (SP) has a mean value of 1.162, with values ranging from 0.077 to 2.905, indicating considerable differences in the level of environmental, employee, and consumer pressure experienced by the sampled companies. The observed variation suggests that stakeholder expectations are not uniformly distributed across firms, which may partly explain differences in sustainability disclosure practices.

The descriptive statistics of the control variables also reveal substantial diversity among the sampled companies. Firm size ranges from 12.814 to 31.160, reflecting considerable differences in organizational scale. Profitability (ROE) ranges from -1.177 to 0.554, indicating that several companies experienced financial losses during the observation period. Likewise, leverage (DAR) and firm age (AGE) exhibit considerable variation, suggesting that the sample adequately represents firms with different financial structures and organizational maturity. Overall, these characteristics indicate that the dataset captures the heterogeneity of companies operating in Indonesia's high-profile industries and provides an appropriate basis for panel data analysis.

Before estimating the regression model, panel data model selection was conducted to determine the most appropriate estimation approach. The Chow test and Hausman test were employed to compare the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

Table 3. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	12.957	(20.79)	0.000
Cross-section Chi-square	152.673	20	0.000

Source: Processed Data, 2026.

The Chow test results show a probability value of 0.000, which is lower than the significance level of 0.05. Therefore, the Fixed Effect Model (FEM) is preferred over the Common Effect Model (CEM).

Table 4. Hausman Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section Random	33.537	5	0.000

Source: Processed Data, 2026.

The Hausman test produces a probability value of 0.000, which is below 0.05. Accordingly, the Fixed Effect Model is more appropriate than the Random Effect Model (REM). Based on both tests, the Fixed Effect Model was selected as the final estimation model.

The classical assumption tests indicate that the model satisfies the required assumptions. The highest correlation coefficient among the independent variables is 0.193, which is below the threshold value of 0.90, indicating the absence of multicollinearity. In addition, the heteroscedasticity test reveals probability values above 0.05 for all variables, confirming that the model does not suffer from heteroscedasticity.

Table 5. Fixed Effect Regression Results (Model 1)

Variable	Coefficient	t-Statistic	Prob.
C	-0.418	-1.004	0.318
SP	-0.156	-2.773	0.007
SIZE	0.011	0.681	0.498
ROE	0.004	0.050	0.960
DAR	0.034	0.159	0.874
AGE	0.045	5.156	0.000
Model Statistics			Value
Adjusted R ²			0.730
F-statistic			12.230
Prob(F-statistic)			0.000

Source: Processed Data, 2026.

Table 5 indicates that stakeholder pressure has a coefficient of -0.156 with a probability value of 0.007. Since the probability value is below 0.05, stakeholder pressure significantly affects sustainability disclosure. Therefore, H1 is supported.

The negative coefficient indicates that stronger stakeholder pressure is associated with lower levels of sustainability disclosure. This finding appears to contradict Stakeholder Theory, which argues that companies are expected to respond to increasing stakeholder demands by providing broader and more transparent sustainability information (Dmytriiev et al., 2021; Freeman, 1984). However, the Indonesian regulatory context provides a plausible explanation for this unexpected relationship.

Following the implementation of OJK Regulation No. 51/POJK.03/2017, sustainability reporting has gradually shifted from a voluntary practice to a mandatory reporting obligation for listed companies. Under these conditions, companies may perceive compliance with mandatory reporting requirements as sufficient to satisfy stakeholder expectations. Consequently, firms experiencing stronger stakeholder pressure may prioritize meeting minimum regulatory requirements rather than voluntarily expanding the breadth and quality of sustainability disclosure.

From the perspective of Legitimacy Theory, organizations seek to maintain social acceptance by aligning their reporting practices with prevailing institutional

norms and regulatory expectations (Deegan, 2002). Mandatory reporting requirements reduce managerial discretion regarding whether sustainability information should be disclosed. As a result, companies may pursue legitimacy primarily through regulatory compliance instead of providing more comprehensive voluntary sustainability disclosures. This condition may explain why stronger stakeholder pressure does not necessarily lead to broader sustainability disclosure in the Indonesian context.

Furthermore, companies operating in high-profile industries are subject to greater public scrutiny and regulatory oversight. Under such circumstances, managers may allocate more resources to ensuring compliance with mandatory reporting requirements than to expanding voluntary sustainability disclosures. Consequently, stakeholder pressure functions more as a compliance mechanism than as a driver of enhanced corporate transparency.

These findings are consistent with (Artheta et al., 2025) and (Mukhtaruddin et al., 2024), who reported that stakeholder pressure does not always encourage broader sustainability disclosure. However, they differ from the findings of (Fernandez-feijoo et al., 2018; Rudyanto & Siregar, 2018; Ruhayat et al., 2022; Sulemana et al., 2025), who documented a positive relationship between stakeholder pressure and sustainability disclosure. These differences suggest that the effectiveness of stakeholder pressure depends on the regulatory environment, institutional context, and industry characteristics in which companies operate.

Among the control variables, firm age has a positive and significant effect on sustainability disclosure ($\beta = 0.045$; $p = 0.000$). This finding indicates that older firms tend to possess more established reporting systems, greater disclosure experience, and stronger incentives to maintain legitimacy. In contrast, firm size, profitability, and leverage do not significantly affect sustainability disclosure because their probability values exceed the 5% significance level.

The Moderating Role of Business Risk

Table 6. Moderated Regression Analysis Results (Model 2)

Variable	Coefficient	t-Statistic	Prob.
C	-0.660	-1.530	0.130
LN_SP	-0.201	-2.704	0.008
RB	-0.065	-1.390	0.169
RB×SP	0.579	1.108	0.271
SIZE	0.014	0.853	0.396
ROE	-0.083	-0.878	0.383
DAR	0.152	0.658	0.512
AGE	0.043	4.690	0.000
Adjusted R ²			0.729
F-statistic			11.356
Prob(F-statistic)			0.000

Source: Processed Data, 2026.

Table 6 presents the results of the Moderated Regression Analysis (MRA). The interaction term between stakeholder pressure and business risk (RB×SP) has a coefficient of 0.579 with a probability value of 0.271. Since the probability value exceeds 0.05, business risk does not moderate the relationship between stakeholder pressure and sustainability disclosure. Therefore, H2 is not supported.

The insignificant interaction effect indicates that business risk does not strengthen or weaken the relationship between stakeholder pressure and sustainability disclosure. This finding suggests that operational uncertainty does not substantially influence how companies respond to stakeholder demands regarding sustainability reporting.

One possible explanation is that sustainability disclosure has become increasingly institutionalized following the implementation of mandatory sustainability reporting regulations in Indonesia. Because listed companies are required to disclose sustainability information regardless of their operational conditions, disclosure decisions are influenced more by regulatory compliance than by short-term fluctuations in business risk. Consequently, business risk does not function as a contingency factor that alters the relationship between stakeholder pressure and sustainability disclosure.

Another explanation relates to the measurement of business risk adopted in this study. Business risk is measured using the Coefficient of Variation (CV) of EBIT, which reflects earnings volatility rather than stakeholder-related uncertainty. Although earnings volatility may influence financial performance, it does not necessarily affect managerial commitment to sustainability reporting, which is generally regarded as a long-term governance practice rather than a short-term response to operational uncertainty.

Furthermore, stakeholder pressure in this study is measured using a composite index consisting of environmental pressure, employee pressure, and consumer pressure. Combining these dimensions into a single index may reduce the ability to capture the specific interaction between business risk and individual stakeholder groups. This finding is consistent with (Mukhtaruddin et al., 2024), who reported that business risk moderates only certain dimensions of stakeholder pressure rather than stakeholder pressure as a whole.

Overall, these findings indicate that stakeholder pressure and business risk operate independently in explaining sustainability disclosure among Indonesian high-profile companies. Therefore, business risk cannot be considered a contextual factor that consistently strengthens or weakens the influence of stakeholder pressure on sustainability disclosure under Indonesia's mandatory sustainability reporting framework.

CONCLUSION

This study investigates the effect of stakeholder pressure on sustainability disclosure and examines the moderating role of business risk among companies operating in the energy, industrials, and consumer non-cyclicals sectors listed on the Indonesia Stock Exchange during the 2021–2025 period. The findings demonstrate that stakeholder pressure has a significant negative effect on sustainability disclosure, indicating that stronger stakeholder demands do not necessarily encourage companies to provide broader sustainability disclosures. Furthermore, business risk does not moderate the relationship between stakeholder pressure and sustainability disclosure, suggesting that corporate sustainability disclosure is influenced more by compliance with mandatory reporting requirements than by stakeholder pressure or operational uncertainty. These findings extend Stakeholder Theory and Legitimacy Theory by indicating

that companies may respond to stakeholder expectations primarily through regulatory compliance rather than through broader voluntary sustainability disclosure, particularly within high-profile industries operating under increasing regulatory scrutiny.

This study provides practical implications for corporate managers and regulators by emphasizing that compliance with mandatory sustainability reporting requirements alone may not be sufficient to enhance the quality and comprehensiveness of sustainability disclosure. Companies are encouraged to strengthen substantive sustainability reporting practices that better address stakeholder expectations, while regulators may further improve monitoring and evaluation mechanisms to encourage more transparent and meaningful sustainability disclosures. Nevertheless, this study is limited to companies operating in the energy, industrials, and consumer non-cyclicals sectors and measures stakeholder pressure using environmental, employee, and consumer pressure. Therefore, future research is encouraged to examine other industrial sectors, incorporate additional stakeholder pressure dimensions, such as investor, government, or media pressure, and employ alternative business risk proxies to provide a more comprehensive understanding of the determinants of sustainability disclosure.

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