

The Sustainability Reporting Quality in Indonesia: External Stakeholder Engagement Perspectives

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Abstract

This research examines the impact of external stakeholder engagement on the sustainability reporting quality of energy and basic materials companies listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period. Based on the rankings in ASSRAT from 2018–2022, public company participation in disclosing sustainability reports still needs improvement. Moreover, the ranking results show a decline in performance for many companies from 2018 to 2022.

While previous studies have primarily focused on the disclosure of sustainability reports, this research emphasizes the sustainability reporting quality in Indonesia. The population of this research includes energy and basic materials companies listed on the IDX during the 2019–2022 period. The sampling technique used is purposive sampling, resulting in a sample of 30 companies. The data analysis method employed is multinomial logistic regression.

The findings of this research indicate that government engagement and customer engagement significantly influence sustainability reporting quality. In contrast, competitor engagement and employee engagement do not show a significant effect. Therefore, enhancing government and customer engagement can contribute to improving a company's sustainability reporting quality.

Keywords

Sustainability Reporting Quality, External Stakeholder Engagement, Multinomial Logistic Regression, Energy and Basic Materials Sector.

