THE EFFECT OF STAKEHOLDERS’ PRESSURE AND CORPORATE FINANCIAL PERFORMANCE ON TRANSPARENCY OF SUSTAINABILITY REPORT

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Abstract

The purpose of this research is to investigate the effect of stakeholder’s pressure and corporate financial performance on transparency of sustainability report. The population of this research comprises are State-owned Enterprise (SOE) listed on Indonesia Stock Exchange (IDX) during years 2013-2017. The sampling purposive sampling. This research uses a multiple linear regression. From this research, proved that environmental sensitive industry, investor oriented industry, and corporate financial performances have effect simultaneously toward transparency of sustainability report. This research also proved that partially environmental sensitive industry, investor oriented industry, and corporate financial performance have positive effect toward transparency of sustainability report.

Keywords: Stakeholders’ Pressure; Corporate Financial Performance; Sustainability Report; Transparency.

Submission Date : 2019-07-11 Accepted Date : 2019-08-12

INTRODUCTION

There has been a proliferation of reporting regulations aiming to incentivize companies to improve their Environmental, Social and Governance (ESG) performance (Eccles, Ioannou, & Serafeim, 2014). While these trends partly manifest because of voluntary actions by individual companies, in many cases they could be the result of regulations. Stakeholder theory encourages company managers not only to think about the interests of shareholders and company owners. The concept of stakeholder theory is not related to group identification, but is related to the relationship of the perpetrator. For example, relationships between strong stakeholders and inactive
stakeholders (Boucher & Rendtorff, 2016). In essence, the stakeholder theory implies an acknowledgment that stakeholders are risk holders associated with the company, so the community is the indirect owner of the company based on that risk. Thus, companies should think of the interests of stakeholders, not just think of the interests of shareholders (Ferrero, Hoffman, and Mcnulty, 2014). The term stakeholders do not always refer to the theory of corporate relations with shareholders, but also with the entire community (Boucher & Rendtorff, 2016). Company behavior created in the past will encourage stakeholders to anticipate the company's behavior in the future. The company must maintain stakeholders' perceptions of how well the initiative and the results of the company's performance meet the values and expectations of stakeholders. One of the most important steps a company must take is to be transparent to stakeholders. Companies that are not transparent will fail to meet the expectations of stakeholders so that the company risks losing capital (Pérez, 2015). Transparency is an important element in building trust, managing risk, and enhancing and maintaining the reputation of the company. Stakeholders consider transparency to help better understand business and make informed decisions (Global Reporting Initiative, 2015). Stakeholders from all companies are more aware and are concerned about the impact of the company's operations strategies and activities on them and the wider community. This has led to an increase in pressure for deeper information about how companies face community challenges. Sustainability reports are a solution to answer all doubts and information needs of stakeholders (Aswani & Swami, 2017).

Companies that have poor management, it will be difficult to present sustainability reports transparently and according to standards because they need to separate which performance can be revealed from the actual company's performance. Disclosure of sustainability reports according to standards can increase the risk of stakeholders knowing that the sustainability performance of the company is low. This can damage the company's reputation, reduce the legitimacy of the company and the trust of stakeholders, and improve intervention from outside (Braam & Peeters, 2018). (Fernandez-Feijoo, Romero, & Ruiz, 2014) conducted a study showing the results that there was an influence of stakeholder pressure in the industry on transparency of sustainability reports. Previous studies have limited data because at that time there were still few companies presenting sustainability reports, so this study will examine further the influence of stakeholder pressure on transparency of sustainability reports. This research is very important because according to (Fernandez-Feijoo, Romero, & Ruiz, 2014), companies must be more sensitive to the environment and the importance of external pressure as a driver of corporate transparency in presenting sustainability reports.

The phenomenon of air waste pollution by PT. Rayon UtamaMakmurSukoharjo, the problem of WWTP (Waste Water Treatment Plant) which is not according to the rules by PT. Indotama, water pollution by PT. Energi Agro Nusantara, expansion of hazardous B3 waste processing plants by PT. MEN and many other cases, not only the impact on the environment, the economic impact and social activities that occur around the company also stalled, giving rise to public concerns about the role of the company in protecting the environment. This situation encourages people to demand greater and quality corporate social responsibility.
LITERATURE REVIEW AND HYPOTHESIS

Stakeholder theory theory states that in addition to the existence of structures and processes used by corporate organs to improve business success and corporate accountability while taking into account the interests of stakeholders, the company is not a body that operates only for its own sake, but the company's goal is to meet the needs of stakeholders (stakeholders). The survival of a company is influenced by stakeholders, and each company has different stakeholders (Fernandez-Feijoo et al., 2012). Stakeholder theory is a strategic management concept that can later help companies or business entities strengthen relationships with external parties and develop competitive advantage.

Transparency is an evaluation of the quality of information disclosed by the company and used in shaping stakeholders' perceptions of the company's ability, virtue and integrity. Although the information disclosed can threaten the interests of the company inherently, the company may recognize that disclosing information to stakeholders is appropriate because it helps stakeholders make decisions based on information received (Schnackenberg & Tomlinson, 2016). Transparency can be seen through various types of information that reflect a comprehensive picture of the impact and performance of the company (Rashidfarokhi, Toivonen, & Viitanen, 2018).

Sustainability reports are the result of evaluating corporate governance relating to contributions to business effectiveness and how well the company meets the expectations of all stakeholders. This can be seen from the involvement of workers, services to customers, and good relations with the government (Mason & Simmons, 2014). Sustainability reporting aims to increase transparency and reputation, promote brands and compliance with regulations, demonstrate competitiveness and comparison with competitors, and attract workers to support information and management of the company (Hyršlová, Tomšík, & Vnoučková, 2017).

Companies in environmentally sensitive industries will present sustainability reports with a high level of transparency. This may be due to the company's desire to minimize public perceptions about the greater impact on the industrial environment (Fernandez-Feijoo, Romero, & Ruiz, 2014) Problems regarding the environment are very important for the objectives of corporate governance. The company will still socialize a higher level of transparency regarding matters that affect the company's environment. Disclosure is considered a strategic step that has the potential to meet the demands of shareholders regarding environmental information. Local communities require companies to regenerate the environment that has been damaged due to the company's operations. Therefore, the company strives to carry out social responsibility activities, then report them transparently. The more sensitive the company is to the environment, the more important is the sustainability report for the company (Siregar & Rudyanto, 2016).

Shareholders will usually make decisions to maximize the economic, social and environmental performance of the company. After that, shareholders will demand the company to disclose the economic, social and environmental performance in order to improve the company's reputation. Thus, high pressure from investors encourages companies to present sustainability reports with a high level of transparency (Hamudiana & Achmad, 2017). Investors are usually regarded as key stakeholders. Sustainability reports are designed for stakeholders, especially investors. Sustainability reports are very useful as a communication tool so investors will trust the business
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Performance of the company's sustainability. The company can fulfill stakeholder demand by standardizing reporting so that the company can overcome various kinds of reporting content (Seele & Lock, 2015). Companies with high pressure from investors tend to present more transparent sustainability reports. This is due to pressure from financial markets to increase investor confidence (Fernandez-Feijoo, Romero, & Ruiz, 2014).

Hypothesis Development

(Fernandez-Feijoo, Romero, & Ruiz, 2014) using independent variables in the form of environmentally sensitive industries, investor-oriented industries, industries near consumers, and worker-oriented industries. The results of this study indicate that environmentally sensitive industries, investor-oriented industries, industries near consumers, and worker-oriented industries have a significant effect on transparency of sustainability reports. (Siregar & Rudyanto, 2016) stated that a study using independent variables consisting of environmentally sensitive industries, industries near consumers, workers’ pressure, shareholder pressure, commissioner effectiveness, and family ownership. The dependent variable is the quality of the sustainability report. The results of this study indicate that environmentally sensitive industries have a higher quality of sustainability report than industry that is not environmentally sensitive. (Hamudiana & Achmad, 2017) conduct research using independent variable investor-oriented industries. The results of this study indicate that investor-oriented industries in Indonesia have a significant effect on the transparency of sustainability reports. From the explanation, the hypothesis can be drawn as follows:

H1a: Environmental Sensitive Industry has a positive effect on Transparency of Sustainability Report
H1b: Investor-Oriented Industry has a positive effect on Transparency of Sustainability Report

Company Performance is a description of the financial condition of a company that is analyzed by financial analysis tools, so that it can be found that the good or bad financial condition of a company that reflects work performance in a certain period (Izati & Margaretha, 2014). Profitability is the ability of a company to generate profits for a year or a certain period. Profitability shows a comparison between earnings and assets that generate profits (Widowati, 2015). The profitability of a company reflects the level of effectiveness achieved by a company's operations (Utari & Amin, 2011). The amount of profit can be a measure of company performance so that profitability can be used as a measure of corporate financial performance and profitability promises companies to stay in the business world (Agha, Mba, & Mphil, 2016). According to (Adhipradana & Daljono, 2014) an increase in the profitability of the company, the company has more funds to carry out social activities. This has an impact on the increasing number of information that can be disclosed in the sustainability report. Sustainability report disclosure can provide clear evidence that the production process carried out by the company is not only profit oriented, but also takes into account social and environmental issues, so that it can increase stakeholder trust that will have an impact on increasing company value through increased investment that has an impact on increasing corporate profits. Financial performance measurement can be done by calculation using financial ratio analysis such as Return On Assets (ROA), Return On
Equity (ROE) and Net Profit Margin (NPM). The measurement is a profitability ratio to assess the company's ability to seek profits (Kasmir, 2011).

(Aniktia & Khafid, 2015) shows that the company's Financial Performance has a positive effect on Sustainability Report disclosures. Other research conducted by (Fitri & Yuliandari, 2018) shows that financial performance affects Sustainability Report disclosure. From the explanation, the hypothesis can be drawn as follows:

H₂: Corporate Financial Performance has a positive effect on Transparency of Sustainability Report

![Conceptual Framework](image)

**Figure 1**

**Conceptual Framework**

**RESEARCH METHODS**

This research is a hypothesis testing research, with independent variables: (1) Environmental Sensitive Industry, (2) Investor Oriented Industry, and (3) Corporate Financial Performance. While the dependent variable is Transparency of Sustainability Report. The type of research conducted is causality research. This research is on a non-contrived setting. The researcher determines the company registered as State-Owned Enterprise for the period 2013-2017 as the object of research in its unit of analysis. The dimension of research time is data panel.

The research sample chosen by those criteria: (1) State-Owned Enterprise companies listed on BEIduring 2013-2017; (2) Companies that provide complete data on information or data to be used in research and information are disclosed in the annual report, audited financial report, and sustainability report of the company concerned in the period 2013-2017. (3) Companies that issue financial statements in IDR (Rupiah).

The method of data collection is. Secondary data is obtained from the Financial Statements, Annual Reports, and Sustainability Report for the period of 2013 to 2017
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issued by the company and can be accessed through the company's website and IDX website. The collected data is then analyzed and processed quantitatively. The data testing method used in this study used multiple linear regression analysis using Statistical Package for Social Science (SPSS) software version 24. The feasibility of the data was done through the Classic Assumption test.

The dependent variable in this study based on Fernandez-Feijoo, Romero, and Ruiz (2014) is transparency obtained from Principal Component Analysis (PCA) which consists of four factors, such as: (1) Frequency of reporting (FREK): The frequency of reporting is a measure that shows how many times the total possibility of the company issuing a sustainability report during the evaluation period; using dummy variable “0 or 1”. (2) Application level (LVAP): Companies generally presented sustainability reports based on the GRI G3, G4, and GRI Standards. (the G3 standard consists of A as the best level and C as the worst level; G4 and GRI Standards there are two options, namely In Accordance (IA) - Core and Comprehensive. The application level measures the number of times a company presents a sustainability report during the evaluation period with a maximum level, namely A for G3 or IA for G4 and GRI Standards. The value of this variable is between 0 and 1. (3) Level statement (PRLV). The level statement shows how many times the application level was checked by GRI or verified by a third party. This verification does not include verification of the content in the report. The variable is 0 or 1. (4) Assurance of sustainability reports (LPAS). The assurance report encourages sustainability reports to be more transparent. The assurance factor shows how many times the company presents an assurance report on the sustainability report. This includes verification of the sustainability report content. Variable values are between 0 and 1. The four factors in the analysis of the main components will produce new variable output. If the results of the Kaiser-Meyer-Olkin Test (KMO) and Barlett Test show that factor analysis is feasible, the output of the new variable will be used as a measure of the variable transparency of the sustainability report in the regression model.

Company’s disclosure is considered a strategic step that has the potential to meet the demands of shareholders regarding environmental information. Local communities require companies to regenerate the environment that has been damaged due to the company’s operations. Therefore, the company strives to carry out social responsibility activities, then report them transparently. The more sensitive the company is to the environment, the more important is the sustainability report for the company.

Variables ESI use dummy value 1 if company activities have an important impact on the environment (high pollution industries). Industries that include, namely mining, metal products, waste management, energy, energy use, water, chemical, automotive, railroad, aviation, logistics, construction, construction materials, agriculture, and paper and forest products. In addition to the industry, the variable uses a dummy value of 0.

Variables O use dummy value 1 if the company belongs to an industry that gets high pressure from investors. Industries that include, namely financial services, aviation, automotive, energy, energy use, metal products, chemistry, construction, construction materials, real estate, health services, telecommunications, household and personal products, textiles and clothing, consumer goods hold old, conglomerates, retailers, toys, media, computers, and hardware technology. In addition to the industry, the variable uses a dummy value of 0.

Company Performance is a description of the financial condition of a company that is analyzed by financial analysis tools, so that it can be known about the good or
bad financial condition of a company that reflects work performance in a certain period. According to (Adhipradana & Daljono, 2014) an increase in the profitability of the company, the company has more funds to carry out social activities. This has an impact on the increasing number of information that can be disclosed in the sustainability report. Financial performance variables are obtained from the value of Return on Assets (ROA). ROA is a measurement of the company's success in generating profits.

RESULTS AND DISCUSSION

Based on the criteria of the sample used, the following data are obtained:

<table>
<thead>
<tr>
<th>No.</th>
<th>Remarks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State-Owned Enterprise (SOE) listed on IDX during 2013-2017.</td>
<td>108</td>
</tr>
<tr>
<td>2</td>
<td>SOE uncomplete data (Annual Report or Sustainability Report) during 2013-2017.</td>
<td>65</td>
</tr>
<tr>
<td>3</td>
<td>Companies that do not issue financial statements in rupiah.</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Total SOE fullfil the criteria</td>
<td>43</td>
</tr>
</tbody>
</table>

Total SOE for 5 years | 215
Data Outliers | (121)
Total Sample | 94

The number of samples are 94, it means exceeded the minimum sample size (n = 30); correlational studies and causal-comparative studies (Fauzi, 2016).

Descriptive statistical analysis tables are presented as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency of Sustainability Report</td>
<td>94</td>
<td>-0.7157</td>
<td>-0.2228</td>
<td>-0.5090</td>
<td>0.2278</td>
</tr>
<tr>
<td>Environmental Sensitive Industry</td>
<td>94</td>
<td>0</td>
<td>1</td>
<td>0.54</td>
<td>0.501</td>
</tr>
<tr>
<td>Investor-Oriented Industry</td>
<td>94</td>
<td>0</td>
<td>1</td>
<td>0.49</td>
<td>0.503</td>
</tr>
<tr>
<td>Corporate Financial Performance</td>
<td>94</td>
<td>-0.0639</td>
<td>0.1042</td>
<td>0.0295</td>
<td>0.0317</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the objects studied (N) during 2013-2017 with 94 total sample. Transparency of Sustainability Report; shown the minimum
value is -0.7157 and the maximum value is -0.2228. The average value generated from 94 samples is -0.5090. The standard deviation value 0.2278 is smaller than 1, it means that the distribution of data on transparency of sustainability report is good and homogeneous. Environmental Sensitive Industry; shown the minimum value is 0 and the maximum value is 1. The average value generated from 94 samples is 0.54. The standard deviation value 0.501 is smaller than 1, it means that the distribution of data on environmental sensitive industry is good and homogeneous. Investor Oriented Industry; shown the minimum ROA value is -0.0639 and the maximum ROA is 0.1042. The average value generated from 94 samples is 0.0295. The standard deviation value 0.0317 is smaller than 1, it means that the distribution of data on corporate financial performance is good and homogeneous.

The first step in data analysis is the analysis of the main components. If the Kaiser-Meyer-Olkin Test (KMO) and Bartlett’s Test results show that factor analysis is feasible, the output of the new variable will be used as a measure of the transparency variable in the regression model. From the output of SPS, KMO value is 0.598 > 0.50, it is concluded that the data is considered good for further analysis. Sig value = 0.000 < 0.05; it can be concluded that the sample can be used for further analysis.

The Anti-Image Matrices test also aims to determine the correlation between independent variables seen from the value of MSA. The four variables show MSA values that exceed 0.50, it can be concluded that the four variables can still be predicted and analyzed further.

The explanation of variables by factors is done to find out how big the factors formed are able to explain each variable. The factor is able to explain the FREK variable of 89; the LVAP variable is 88.4%; the PRLV variable of 91.3%; and the LPAS variable is 91.9%.

The Eigenvalues value that has been set is 1,000, then the results in table 4.7 can explain that there are 2 maximum factors formed, namely factor 1 equal to 2.513 > 1,000 and factor 2 of 1.100 > 1,000. The loading factor is useful for knowing the correlation between independent variables and the factors formed. The loading factor can be seen in the Rotated Component Matrix table so that it can be seen more clearly which variables enter each factor. Decision making in the factor loading this time is to determine the largest correlation between variables with factors.

The final step in the analysis of the main components is determining factors. Decision making in determining the factors formed; If the correlation value is > 0.50; then the data is right to represent all variables; If the correlation value is <0.50; then the data is not right to represent all variables.

The results of table 4.10 show that factor 1 correlation is 0.721 > 0.50 and factor 2 correlation is 0.693 > 0.50, it is evident that both are formed precisely to represent the four proxy variables. Based on the correlation value in factor 1 and factor 2, the factor chosen to be the dependent variable is factor 1 because the correlation value is higher than the correlation value factor 2.

The Multicollinearity Test results are presented in the following table. The results of the VIF Test show that the four independent variables did not occur due to the VIF value of each independent variable <10 and the tolerance value of each independent variable > 0.1.
Autocorrelation test was used to test linear regression models about the effect of data from previous observations. The Autocorrelation Test results are presented in the following table. The Durbin-Watson test results in table show a DW value of 2.200 while in the Durbin-Watson (DW) table for "k" = 3 and N = 94 large Durbin-Watson table: dl (outer limit) = 1,5991 and du (inner limit) = 1,7306; 4 - du = 2,2694 and 4 - dl = 2,4009. Because the Durbin-Watson (DW) value is 2.200 greater than the limit (du) 1.708 and Durbin-Watson (DW) is less than 2.2694, it can be concluded that Durbin-Watson (DW) -test cannot reject H0 which states that there is no positive or negative autocorrelation or it can be concluded that there is no autocorrelation.

The Heteroscedasticity Test results are presented in the following table. The Heteroscedasticity Test results in table show the significance values of the four independent variables more than 0.05. Thus it can be concluded that there is no problem of heteroscedasticity in the regression model.

The normality test as follow. To determine the data by the Kolmogrov-Smirnov non-parametric statistical test, the significance value must be above 0.05 or 5%. The sample results in table show that the kolmogrov smirnov value is 0.060>0.05 so that the residuals are declared to be normally distributed.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Determination Coefficient Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor</td>
<td>Adjusted R-Square</td>
</tr>
<tr>
<td>Environmental Sensitive Industry, Investor Oriented Industry, Corporate Financial Performance</td>
<td>0.204</td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the coefficient of determination seen from the value of Adj R² is 0.204 that is 20.4% of the variation of the dependent variable Corporate Financial Performance can be explained by independent variables (Environmental Performance, Social Responsibility Disclosure). While the remaining 79.6% (100%-20.4%) is explained by other variables not included in the equation.

<table>
<thead>
<tr>
<th>Table 4</th>
<th>F-Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Sig.*</td>
</tr>
<tr>
<td>Transparency on Sustainability Report</td>
<td></td>
</tr>
<tr>
<td>Predictor:Environmental Sensitive Industry, Investor Oriented Industry, Corporate Financial Performance</td>
<td>Regression</td>
</tr>
</tbody>
</table>

*support statistically on alpha 5%

Based on the table above, the significance value obtained by the variable Environmental Performance and Social Responsibility Disclosureis 0.000< 0.05, then Ho is rejected and Ha is accepted. Thus, it can be concluded that Environmental Sensitive Industry, Investor Oriented Industry, and Corporate Financial Performance together have an effect toward Transparency on Sustainability Report.
The results of the regression means as follows. Constants of -0.947, meaning if Environmental Sensitive Industry \((X_{1a})\), Investor Oriented Industry \((X_{1b})\), and Corporate Financial Performance \((X_2)\) do not exist or the value is 0, then Transparency On Sustainability Report \((Y)\) value is -0.947. H1; Environmental Sensitive Industry has a positive and effect on Transparency on Sustainability Report. The test results show a coefficient of \(b_1\) of 0.394 with a significance value of 0.0010, which means that there is a positive effect on the Environmental Sensitive Industry variable toward Transparency on Sustainability Report. H2; Investor-Oriented Industry has a positive and effect against Transparency of Susatainability Report. The test results show that the coefficient of \(b_2\) is 0.319 with a significance value of 0.0060 which means that there is positive effect on the Investor Oriented Industry variable toward Transparency on Sustainability Report. H3; Corporate Financial Performance has a positive effect against Transparency of Susatainability Report. The test results show that the coefficient of \(b_3\) is 2.486 with a significance value of 0.0000 which means that there is positive effect Corporate Financial Performance variable toward Transparency on Sustainability Report.

The stakeholder theory encourages company managers not only to think about the interests of shareholders and company owners. The concept of stakeholder theory is not related to group identification, but is related to the relationship of the perpetrator. For example, relationships between strong stakeholders and inactive stakeholders (Boucher & Rendtorff, 2016). Thus, companies should think of the interests of stakeholders, not just think of the interests of shareholders (Ferrero, Hoffman, & McNulty, 2014). Companies in environmentally sensitive industries will present sustainability reports with a high level of transparency. This may be due to the company's desire to minimize public perceptions about the greater impact on the industrial environment (Fernandez-Feijoo, Romero, & Ruiz, 2014). The problems regarding the environment are very important for the objectives of corporate governance. The company will still socialize a higher level of transparency regarding matters that affect the company's environment. Disclosure is considered a strategic step that has the potential to meet the demands of shareholders regarding environmental information. Based on the results of testing on the table, the significance value obtained by the environmental performance variable is 0.0010>0.05 with a \(b_1\) coefficient value of 0.394 so that the decision is \(H_{01}\) accepted \((H_{01}\) is rejected). Thus it can be concluded that environmental sensitive industry has positive effect on transparency of sustainability report. The results of this study are in line with the research conducted by (Fernandez-Feijoo, Romero, & Ruiz, 2014); (Siregar & Rudyanto, 2016) that environmentally sensitive industries have a significant effect on transparency of sustainability reports.
The stakeholder theory implies an acknowledgment that stakeholders are risk holders associated with the company, so the community is the indirect owner of the company based on that risk. Thus, companies should think of the stakeholders benefits, not only shareholders benefits(Ferrero, Hoffman, & McNulty, 2014). Thus, high pressure from investors encourages companies to present sustainability reports with a high level of transparency (Hamudiana & Achmad, 2017). Investors are usually regarded as key stakeholders. Sustainability reports are designed for stakeholders, especially investors. Sustainability reports are very useful as a communication tool so investors will trust the business performance of the company's sustainability. The company can fulfill stakeholder demand by standardizing reporting so that the company can overcome various kinds of reporting content (Seele & Lock, 2015). Based on the results, the significance value obtained by the social responsibility variable is 0.0060>0.05 with a b2 coefficient value of 0.319 so that the decision is H_{\alpha2} accepted (H_{\alpha2} is rejected); it can be concluded investor oriented industry has a positive effect on transparency of sustainability report. The results of this study are in line with the research conducted by (Fernandez-Feijoo, Romero, & Ruiz, 2014) and (Siregar & Rudyanto, 2016) that investor-oriented industries have a significant effect on transparency of sustainability reports.

The Company Performance is a description of the financial condition of a company that is analyzed by financial analysis tools, so that it can be known about the good or bad financial condition of a company that reflects work performance in a certain period (Izati & Margaretha, 2014). According to (Adhipradana & Daljono, 2014) an increase in the profitability of the company, the company has more funds to carry out social activities. This has an impact on the increasing number of information that can be disclosed in the sustainability report. Based on the results of testing on the table, the significance value obtained by the independent commissioners variable is 0.0000>0.05 with a b2 coefficient value of 2.486 so that the decision is H_{\alpha3} accepted (H_{\alpha3} is rejected). Thus it can be concluded that corporate financial performance has a positive effect on transparency of sustainability report. The results of this study are in line with the research conducted by (Aniktia & Khafid, 2015) that corporate financial performance has a positive effect on sustainability report disclosures. This results are in line with other research conducted by (Fitri & Yuliandari, 2018) showing that financial performance affects sustainability report disclosure.

CONCLUSION, LIMITATION, AND FUTURE RESEARCH

The data analysis and discussions indicate the effect of environmental sensitive industry, investor-oriented industry and corporate financial performance is proved positive effect toward transparency sustainability report. This research also proved that partially environmental sensitive industry, investor-oriented industry, and corporate financial performance have positive effect toward transparency of sustainability report.

Future research can be used another type company besides State-owned Enterprise (SOE) and focused on the theoretical justification stakeholder theory and legitimacy theory, to understand the role that stakeholders play on information systems for sustainability.
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