JURNAL ASET (AKUNTANSI RISET) 17(1) (2025) 001-014

Jurnal ASET
(Akuntansi Riset)

Journal homepage: http://ejournal.upi.edu/index.php/aset/

The Impacts of Stakeholder Pressure, Profitability, and Audit Committee on the Quality of Sustainability Reports

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ABSTRACT

This study aims to examine the influence of employee and consumer pressure on the quality of sustainability reports, with the audit committee as a moderating variable. Using panel data regression and Moderated Regression Analysis (MRA), this research analyzes secondary data from LQ45-listed companies in Indonesia from 2019 to 2022. The findings indicate that employee and consumer pressure positively affect sustainability report quality, reinforcing the importance of stakeholder expectations in corporate transparency. However, profitability does not significantly impact sustainability report quality, suggesting that financial performance alone does not determine sustainability disclosure practices. The audit committee weakens the effect of employee pressure on sustainability reporting, indicating its role in prioritizing regulatory compliance over internal stakeholder demands. Meanwhile, the audit committee does not moderate the impact of consumer pressure or profitability, highlighting its limited role in addressing external sustainability concerns. Theoretically, these findings support stakeholder theory by demonstrating how non-financial pressures influence corporate sustainability practices. In practice, companies should recognize sustainability reporting as a strategic tool for fostering stakeholder trust and improving corporate reputation rather than merely a regulatory obligation. Policymakers and regulators should also consider strengthening governance mechanisms to enhance corporate sustainability disclosures. The novelty of this study lies in its investigation of the audit committee's moderating role in stakeholder-driven sustainability reporting, providing new insights into corporate governance and sustainability dynamics.

ARTICLE INFO

Article History:
Submitted/Received 25 Dec 2024
First Revised 12 Feb 2025
Accepted 01 Apr 2025
First Available online 07 May 2025
Publication Date 01 Jun 2025

Keyword:
Sustainability report,
Stakeholder pressure,
Employee pressure,
Consumer pressure,
Profitability,
Audit committee.

1. INTRODUCTION

Sustainability reporting is crucial because it can improve a company's transparency and accountability to stakeholders, helps identify and manage risks and opportunities related to ESG (Environmental, Social, and Governance) issues, and facilitates contributions to achieving the Sustainable Development Goals (SDGs). Through this report, the companies can demonstrate their commitment to sustainable practices, meet applicable regulations and standards, improve operational efficiency, and drive innovation (Arslan, 2024; Hazaea, 2021). Thus, sustainability reporting does not only help to build reputation and trust. It also supports better decision-making by investors, customers, and business partners. From a financial accounting perspective, sustainability disclosures provide investors with critical non-financial information that influences capital allocation and investment decisions. In the domain of corporate governance, sustainability reporting enhances transparency, facilitating better stakeholder engagement and trust.

Stakeholder theory (Freeman, 1984) emphasizes that businesses must consider the interests of all relevant stakeholders, rather than solely focusing on shareholder wealth maximization. This perspective is particularly relevant in the context of environmental disclosure, as stakeholders increasingly demand greater corporate accountability for environmental impacts. But, many Indonesian companies still do not realize the significance of the sustainability reports. Data from the Center for Governance Institutions and Organizations at the National University of Singapore (2022) show that is Thailand has the highest disclosure level at 57%, followed by Malaysia and Singapore, both at 48%. The Philippines and Indonesia have slightly lower disclosure levels at 42% and 40%, respectively. Vietnam ranks the lowest, with only 24% of companies disclosing sustainability-related information.

Some previous studies have found different factors that influence the disclosure of sustainability reports. They are stakeholder pressure (Adriani and Mahayana, 2021; Alfaiz and Aryanti, 2019; Arrokhman and Siswanto, 2021; Lulu, 2021; Nurumina et al., 2020; Putri et al., 2022; Rudyanto and Siregar, 2018; Sriningsih and Wahyuningrum, 2022; Suharyani, 2019); financial performance such as profitability, leverage, and liquidity (Al-Qudah and Houcine, 2023; Mion and Adaui, 2019; Haladu and Bin-Nashwan, 2021); good corporate governance such as the board of directors, board, effectiveness of board of commissioners, proportion of independent commissioners, family ownership, share ownership, managerial ownership, foreign ownership, CSR committee, and audit committee (Alodat, 2022; Buallay, 2020; Correa-Garcia et al., 2020; Dewi and Pitriasari, 2019; Ekaputri and Eriandani, 2022; Nurumina et al. 2020; Putri et al., 2022; Suharyani, 2019); (Al-Qudah and Houcine, 2023; Arrokhman and Siswanto, 2021; Dewi and Pitriasari, 2019; Haladu and Bin-Nashwan, 2021; Mion and Adaui, 2019).

Previous findings still show inconsistent results. Therefore, the authors are interested in combining several variables. They are employee pressure and consumer pressure as a representation of stakeholder pressure. Another is profitability as part of financial performance as an independent variable by presenting the audit committee. It acts as a moderating variable as part of the company's corporate governance. This moderating variable is a novelty of this research to expand the benefits of the research produced. This research combines management and financial aspects, as well as internal and external factors to see the determining factors of the quality of sustainability reports more comprehensively.

This study aims to analyze the impact of stakeholder pressure, particularly from employees and consumers, on sustainability report quality while assessing the audit committee's moderating role. The findings contribute to accounting literature by extending stakeholder

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

theory and corporate governance research, demonstrating how non-financial pressures influence sustainability disclosures.

2. METHODS

This research data uses the company's annual report according to the LQ45 index in 2019-2022. The use of the LQ45 object is because it is a company with a good rating in the capital market. Thus, the disclosure of the sustainability report may run properly. **Table 1** below shows the sampling criteria:

Table 1. Research sampling criteria

Criteria	2019	2020	2021	2022	Total
Population	45	45	45	45	180
Incomplete data	(19)	(13)	(11)	(12)	(55)
Total	26	32	34	33	125

Source: processed secondary data, 2024

This research combines independent variables that influence the sustainability report quality variable as a dependent one. It presents a moderation variable as originality. **Table 2** below shows the explanation of each variable.

Table 2. Definitions of operational variables

No	Name	Indicator
1	Sustainability Report Quality (Y)	Skor / Criteria 0 Undisclosed components 1 Qualitative disclosed components 2 Quantitative disclosed components $SRQ = \frac{Number\ of\ disclosed\ scores}{Maximum\ expected\ score}$ (Lulu, 2021)
2	Employee Pressure (X1)	1 Companies implementing ISO 45001 Standards 0 Companies not implementing ISO 45001 Standards $Employee\ Pressure = \frac{Number\ of\ disclosed}{total\ ISO\ standard\ items}$ (ISO: 45001)
2	Consumer Pressure (X2)	1 Companies in industries close to consumers 0 Companies in other industries (Sriningsih and Wahyuningrum, 2022)
3	Profitability (X3)	$ROA = \frac{Net\ profit\ after\ tax}{total\ Assets}$ (Al-Qudah and Houcine, 2023)
4	Audit Committee (M)	Audit Committee = Number of audit committee meetings in one period (Suharyani, 2019)

Source: previous findings

The data analysis consists of the panel data regression method and Moderated Regression Analysis (MRA). They get help from reviews of statistical software version 12. There is also a Random effect model (REM) model, so the classical assumption tests must include the normality test and the multicollinearity test. The feasibility test of the model is the determination coefficient test and the hypothesis test. There have been classical assumption and model tests, and the results have met the required provisions. Similar research methods have been conducted by Putri (2024) and Santoso (2023).

The selection of panel data regression and Moderated Regression Analysis (MRA) in this study is based on their ability to capture both cross-sectional and time-series variations, providing a more comprehensive understanding of the relationships among variables. Panel data regression allows for the examination of firm-specific effects over multiple periods, thereby improving estimation efficiency and reducing potential biases caused by omitted variables. MRA is employed to analyze the moderating role of the audit committee, enabling a more precise assessment of how governance mechanisms influence the relationship between stakeholder pressure and sustainability report quality.

The inclusion of the Random Effect Model (REM) is justified by the need to account for unobserved heterogeneity while assuming that individual effects are uncorrelated with explanatory variables, ensuring more generalizable findings. Additionally, classical assumption tests, including normality and multicollinearity tests, are conducted to verify the validity and reliability of the regression models. The feasibility of the model is further assessed using the determination coefficient (R^2) and hypothesis testing, ensuring that the estimated relationships are statistically sound. By employing these rigorous econometric techniques, this study ensures the robustness and credibility of its findings, contributing to a more reliable understanding of the factors influencing sustainability reporting quality.

3. RESULTS AND DISCUSSION

Describe The results of the determination coefficient (R2), the Adjusted R-squared value is 0.3030076. Therefore, overall findings can explain the dependent variable by 30.30%, while the remaining (60.70%) is explained by other variables outside the variables under study. **Table 3** shows the results of the moderated analysis.

Table 3. Results of Moderated Regression Analysis (MRA)

Dependent: SRQ	Coefficient	Prob.	Result
EP	0.204556	0.0000	H1 accepted
CP	0.065800	0.0484	H2 accepted
ROA	0.176702	0.3658	H3 rejected
EP_AC	-0.003640	0.0822	H4 accepted
CP_AC	-0.002661	0.1920	H5 rejected
ROA_AC	-0.002088	0.8619	H6 rejected

Source: processed secondary data, 2024

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

3.1. Relationship between Employee Pressure and Sustainability Report Quality

Table 3 shows the positive relationship between employee pressure and sustainability report quality. The positive relationship between employee pressure, proxied by the ISO 45001 standard, and the quality of a company's sustainability report can be explained through stakeholder theory (Freeman, 1984). ISO 45001 is an international standard for occupational health and safety management systems to ensure employees' safety and well-being. When companies adopt ISO 45001, they not only improve working conditions but also respond to implicit pressure from employees as one of the important stakeholders. Stakeholder theory states that companies have responsibilities to stakeholder groups (including employees) who expect to work in a safe and ethical environment. Employees who feel that their company cares about their safety are likely to provide positive encouragement for the quality of sustainability reports, as the company shows a real commitment to their welfare (Zhao et al., 2021).

Besides, based on legitimacy theory, companies strive to align their practices with prevailing social norms and values to maintain legitimacy before the public (Suchman, 1995; Herbet, 2021). The implementation of ISO 45001 is one way for them to demonstrate that they comply with globally recognized standards for occupational health and safety, which in turn will improve public perception of the company's integrity. This can be reflected in the quality of sustainability reports that perform transparency, ethical responsibility, and attention to social and environmental aspects. Companies that comply with good health and safety standards tend to present more comprehensive, accurate, and credible sustainability reports. It is because they want to emphasize that they have met stakeholder expectations and maintained their reputation. Several findings have shown that companies that adopt strong occupational safety practices, such as ISO 45001, have better-quality sustainability reports. This is in line with compliance with safety standards which is increasingly becoming a focus in corporate risk management (Sari et al., 2022).

Furthermore, the adoption of ISO 45001 not only enhances corporate legitimacy but also strengthens stakeholder trust by signaling a commitment to employee well-being and workplace safety. This alignment with global safety standards helps companies mitigate operational risks and potential legal liabilities, thereby fostering long-term sustainability. Additionally, organizations that proactively integrate occupational health and safety measures into their business strategies are more likely to receive positive evaluations from investors, regulators, and the broader public. As a result, adherence to ISO 45001 can serve as a strategic tool for companies to improve their sustainability reporting quality, reinforcing transparency and accountability in their corporate disclosures. This reinforces the argument that regulatory compliance and voluntary adherence to internationally recognized standards contribute significantly to the credibility and reliability of sustainability reports, ultimately enhancing corporate reputation and competitive advantage.

The findings support empirical evidence from previous studies conducted by Alfaiz and Aryanti (2019), Suharyani (2019), and Nurumina et al. (2020). They stated that employee pressure has a positive effect on the quality of sustainability reports. In detail, pressure from employees can encourage companies to be more serious in maintaining safety standards in the workplace. It is because employees are important assets whose productivity is greatly influenced by a safe and healthy work environment. Companies that maintain employee welfare through standards such as ISO 45001 do not only fulfill their social responsibilities. They will also gain long-term benefits in the form of increased employee loyalty, better corporate reputation, and stakeholders' trust. It is a better-quality sustainability report they will get at the end. It does not only meet the demands of regulators, but also becomes an important communication tool for investors,

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

consumers, and the wider community in assessing the company's commitment to social and environmental responsibility (Nguyen et al., 2023).

3.2. Relationship between Employee Pressure and Sustainability Report Quality

The results indicate a positive relationship between consumer pressure and the quality of sustainability reports. Based on the stakeholder theory by Freeman (1984), consumers are one of the main stakeholder groups that significantly influence company strategies and policies. Consumers are increasingly aware of social and environmental issues, so they demand that companies be more transparent and responsible in their sustainability practices. Pressure from consumers who demand sustainable products and services encourages companies to improve the quality of their sustainability reports as a form of responsibility to the needs and expectations of stakeholders. A high-quality sustainability report will reflect the company's commitment to transparency, ethics, and sustainability. These can strengthen the relationship between the company and consumers.

Recent studies also support a positive relationship between consumer pressure and sustainability reporting quality. Khan et al (2016) found that companies facing consumer pressure to improve sustainability practices showed significant improvements in the quality of their sustainability reports. These higher-quality reports include more detailed, transparent, and verified information about the sustainability initiatives taken by the company, which in turn can strengthen consumer trust. Also, Garcia (2020) stated that consumer pressure encourages companies to not only comply with existing regulations but also proactively adopt international sustainability reporting standards, such as the GRI (Global Reporting Initiative). It aims to ensure that their reports obey global stakeholder expectations.

The perspective of institutional theory (Meyer, 1977) explains that consumer pressure for transparency and social responsibility is a form of institutional pressure that encourages companies to comply with the norms and regulations expected by society. Companies operate within an institutional framework that is influenced by evolving social, cultural, and legal expectations. As consumers demand more information related to sustainability, they respond by improving the quality of their sustainability reports to meet these expectations and comply with new norms emerging in the modern business environment. DiMaggio (1983), in the context of institutional compliance theory, emphasized that companies often conform to practices adopted by the wider industry or sector. It is to gain legitimacy and reduce the risk of losing support from key stakeholders, including consumers.

Institutional theory suggests that organizations are influenced by coercive, mimetic, and normative pressures that shape their sustainability practices (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Consumer pressure for transparency and social responsibility serves as both coercive pressure, driven by regulatory and societal expectations, and normative pressure, reflecting the growing demand for corporate accountability. To maintain legitimacy and stakeholder trust, companies align with industry-wide sustainability standards, improving their sustainability reports in response to evolving social, cultural, and legal expectations. Additionally, the mimetic dimension of institutional theory explains that firms often imitate industry leaders or best practices in sustainability reporting to enhance competitiveness and regulatory compliance. This process reinforces institutional isomorphism, where companies within the same sector adopt similar sustainability practices to reduce uncertainty and gain legitimacy. The increasing emphasis on sustainability reporting demonstrates the shift in institutional norms, making transparency and corporate responsibility essential for long-term success. Firms that fail to adapt may face reputational risks, diminished investor confidence, and potential regulatory

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

penalties. Therefore, institutional theory provides a strong foundation for understanding how consumer-driven sustainability demands influence corporate reporting strategies and governance mechanisms.

This is in line with González (2020), Adriani and Mahayana (2021), Lulu (2021), Alfaiz and Aryanti (2019), Sriningsih and Wahyuningrum, (2022), and Suharyani (2019). They all found that external pressure, especially from environmentally conscious consumers, encourages companies to provide positive signals through more detailed and transparent sustainability reports. This not only helps companies build a good reputation but also allows them to avoid reputational risks and social penalties that may arise if they are environmentally irresponsible. Michelon et all (2015) also stated that the quality of sustainability reports is often the result of growing institutional pressures, including government regulations, market expectations, and, of course, consumer demands.

3.3. Relationship between Profitability and Sustainability Report Quality

Profitability as measured by Return on Assets (ROA) does not always significantly affect the quality of corporate sustainability reports. This can be explained through several theories, including legitimacy and agency theories. The legitimacy theory proposed by Suchman (1995) states that companies seek to maintain their social legitimacy by adjusting their practices and reports to society and stakeholders' expectations. In this context, the quality of sustainability reports is more influenced by the company's need to gain social recognition than by profitability performance. Companies with high profitability do not always feel the need to provide better sustainability reports if they do not face strong external pressure or social demands. Besides, according to the agency theory (Meckling, 1976), managers as corporate agents may focus more on short-term goals to maximize profits. They view sustainability reporting as an additional burden. It does not give direct benefits to increasing profitability.

Furthermore, signaling theory (Spence, 1973) provides another perspective on why profitability does not always translate into better sustainability reporting. Companies with strong financial performance may believe that their profitability alone serves as a positive signal to investors and stakeholders, reducing the need for extensive sustainability disclosures. In contrast, firms with lower profitability might use sustainability reporting as a strategic tool to enhance their reputation and attract socially responsible investors. Additionally, resource-based theory (Barney, 1991) suggests that firms allocate resources based on their strategic priorities; highly profitable companies may prioritize expansion, innovation, or shareholder returns over sustainability disclosures, especially if sustainability is not perceived as a competitive advantage. This indicates that while financial performance provides companies with the capacity to invest in sustainability initiatives, the actual decision to improve sustainability reporting is more likely driven by external pressures, regulatory requirements, and long-term strategic considerations rather than mere profitability.

Therefore, companies that prioritize financial performance do not always pay attention to the quality of their sustainability reports. Empirical research by García-Sánchez et al. (2013) found that profitability as measured by ROA has no significant relationship with the quality of sustainability reports. Instead, the quality of these reports is more often driven by external factors such as pressure from stakeholders and regulations. Karaman et al. (2018), Kolk (2004), and Li et al. (2021) also found that companies facing strong external pressure from consumers or regulators are more likely to produce high-quality sustainability reports, regardless of their profitability level. This suggests that profitability is not the main factor in improving the quality

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

of sustainability reports. Companies are more likely to respond to external pressure to maintain their legitimacy and reputation in society.

3.4. The Role oftThe Audit Committee in Moderating the Relationship between Employee Pressure and the Quality of the Sustainability Report

The role of the audit committee can worsen the relationship between employee pressure and the quality of the company's Sustainability Report (SR). It is because the audit committee functions as a monitoring mechanism that ensures the quality and integrity of corporate reporting, including sustainability reporting. In this context, agency theory provides that the audit committee acts as a liaison between shareholders and management, with the aim of mitigating conflicts of interest and ensuring transparency of information (Meckling, 1976; Al-Shaer, 2018). Effective audit committees always focus their oversight on compliance with external standards and regulations, such as the Global Reporting Initiative (GRI) reporting framework, rather than simply responding to internal pressures from employees. Thus, even though employees exert pressure to improve sustainability reporting, the role of the audit committee, which prioritizes formal regulations and compliance, can limit the influence of such pressure on SR quality.

This misalignment occurs because the audit committee primarily ensures that sustainability disclosures comply with regulatory requirements rather than accommodating employee-driven concerns, which may emphasize workplace safety, labor rights, or internal environmental initiatives. According to legitimacy theory (Suchman, 1995), companies seek to align their sustainability practices with external expectations to maintain legitimacy, often prioritizing the demands of regulators and investors over internal stakeholders like employees. Consequently, the audit committee may restrict the extent to which employee pressure translates into enhanced sustainability reporting, as their primary focus is on verifying compliance with standardized disclosure frameworks rather than advocating for broader, employee-driven sustainability initiatives. Moreover, audit committees often rely on quantifiable financial and regulatory metrics to evaluate sustainability disclosures, which may not fully capture the qualitative aspects of employee concerns, such as workplace culture and ethical labor practices. As a result, while employees may push for more comprehensive and transparent reporting, the audit committee’s rigid adherence to compliance-based oversight can inadvertently weaken this relationship, limiting the extent to which employee-driven sustainability efforts are reflected in corporate sustainability reports.

Zaman et al (2011) found that independent and high-quality audit committees focus more on good governance and standardized disclosure, thereby reducing the effect of internal pressure on reporting decisions. Also, Martínez-Ferrero et al. (2021) showed that strict audit committee oversight can moderate the impact of various internal factors, including employee pressure, on the quality of sustainability reporting. Thus, a strong audit committee acts as a counterweight, ensuring that sustainability reporting is driven by good governance and compliance principles, not just by pressure from internal stakeholders such as employees.

3.5. The Role of the Audit Committee in Moderating the Relationship between Consumer Pressure and the Quality of the Sustainability Report

The audit committee cannot always moderate the relationship between consumer pressure and Sustainability Report (SR) quality. It is because it only focuses on aspects of regulatory compliance, internal control, and financial audits, rather than directly on managing external pressures from stakeholders such as consumers (Jiao, 2020) legitim. Stakeholder theory explains

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

that consumer pressure often comes from social and ethical expectations. They are not always aligned with the main focus of audit committees which tend to be more technical and related to accounting reporting standards (Freeman, 1984). Consumers often demand better transparency and social responsibility, which can encourage companies to provide broader information on sustainability. However, audit committees tend to be more concerned with compliance with formal rules and financial reporting standards than responding to consumer demands that focus on social or environmental aspects.

Additionally, institutional theory (DiMaggio and Powell, 1983) suggests that companies respond to external pressures, such as consumer demands, by conforming to industry norms and best practices to maintain legitimacy. However, since audit committees primarily function within the domain of regulatory compliance and financial governance, their influence on sustainability reporting is often limited to ensuring adherence to standardized frameworks rather than addressing evolving consumer expectations. Consumers typically seek more comprehensive and transparent disclosures on environmental, social, and ethical issues, which may extend beyond the audit committee's traditional oversight. Moreover, signaling theory (Spence, 1973) implies that companies voluntarily enhance sustainability reporting to attract socially responsible consumers and investors, independent of audit committee intervention. This suggests that firms facing strong consumer pressure may improve their sustainability disclosures as part of a strategic market response, rather than due to audit committee influence. As a result, while the audit committee plays a crucial role in ensuring compliance with sustainability disclosure regulations, it does not necessarily moderate the impact of consumer-driven pressures, as these forces operate through reputational and market mechanisms rather than regulatory oversight.

Peters (2014) showed that although audit committees play a role in improving the quality of financial reports, they only have a limited role in moderating the influence of external stakeholder pressure such as consumers on SR quality. This is because audit committees usually do not have a direct mandate to address issues related to social or sustainability demands, which are more of a concern to operational management or special departments such as sustainability divisions. Next, Michelon (2012) stated that audit committees are more effective in moderating internal factors such as risk management and internal control. However, they are less effective in responding to external pressure from consumers related to improving the quality of sustainability reporting. Thus, consumer pressure demanding more transparency and in-depth information in sustainability reports may not receive adequate attention from audit committees, as the main focus of this committee is more on accounting compliance and corporate governance.

3.6. The Role of the Audit Committee in Moderating the Relationship between Profitability and the Quality of the Sustainability Report

The audit committee cannot always moderate the relationship between profitability and the quality of the Sustainability Report (SR). It is because the main role of the audit committee is overseeing compliance with accounting standards and financial reporting, rather than ensuring that the sustainability aspects of the company are well reflected in the report. Agency theory explains that the audit committee acts as a monitor in mitigating conflicts of interest between managers (agents) and shareholders (principals) with the main objective of maintaining the integrity of the financial report (Meckling, 1976). The audit committee's focus on governance and financial reporting may make it less sensitive to sustainability factors that are not directly related to profitability.

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

Profitability often reflects management's priority in maximizing short-term profits, rather than social or environmental responsibility. Cho and Michelon (2012) showed that companies that place a high priority on profitability often only view sustainability reporting as a reputation tool, rather than to achieve true sustainability transparency. In this context, audit committees, which focus more on financial oversight and accounting compliance, may not moderate the relationship between profitability and SR quality effectively. This is because the influence of profitability tends to encourage companies to reduce in-depth sustainability reporting if it is not seen as a profit-enhancing strategy.

Next, recent research by Martínez-Ferrero et al. (2021) showed that while audit committees can improve overall corporate governance quality, they have limited impacts on SR quality, particularly with regard to profitability. Companies with high profitability are not always motivated to report sustainability aspects transparently unless there is external pressure such as regulation or stakeholder demands. Audit committees, which focus on internal compliance, have no incentive or direct role in ensuring that the company's profits are translated into improved SR quality.

Legitimacy theory also supports this view. According to this theory, companies prepare sustainability reports to maintain social legitimacy, meaning that SR quality is more determined by external and social pressures than profitability (Herbert, 2021; Suchman, 1995). Audit committees, which focus more on accounting compliance and internal governance, may not moderate the relationship between profitability and SR quality. This is because external factors that influence sustainability reporting are beyond their direct oversight.

4. CONCLUSION

The findings of this research have shown that employee and consumer pressure have a positive effect on the quality of a company's sustainability report (SR). Companies that respond to employee pressure, especially through the ISO 45001 standard, and meet consumer demands for transparency and social responsibility, tend to produce better-quality sustainability reports. However, profitability, as measured by Return on Assets (ROA), is not significant in influencing the quality of SR. This suggests that companies prioritizing profits do not always focus on improving sustainability reporting unless there is strong external pressure from stakeholders such as regulators and consumers.

Also, the role of the audit committee in moderating the relationship between employee pressure and SR is significant in weakening the influence of employee pressure. This is because the audit committee's focus is more on compliance with reporting standards and regulations. However, the audit committee still cannot moderate the relationship between consumer pressure and profitability on SR quality. It only focuses more on accounting compliance and financial governance, so it is less sensitive to external demands related to sustainability. Further studies should expand the research variables by considering other factors, such as pressure from institutional investors or government regulations, which may be more effective in moderating the relationship between profitability and SR quality. Besides, testing the role of the company's sustainability department or CSR committee as an alternative to the audit committee can also provide deeper insights into the governance's influence on SR quality.

DOI: https://doi.org/10.17509/jaset.v17i1
p- ISSN 2086-2563 e- ISSN 2541-0342

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