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The Implementation of SEOJK No. 16/2021 Regulation and External Assurance Statements on Corporate Sustainability Reporting on Indonesia Stock Exchange

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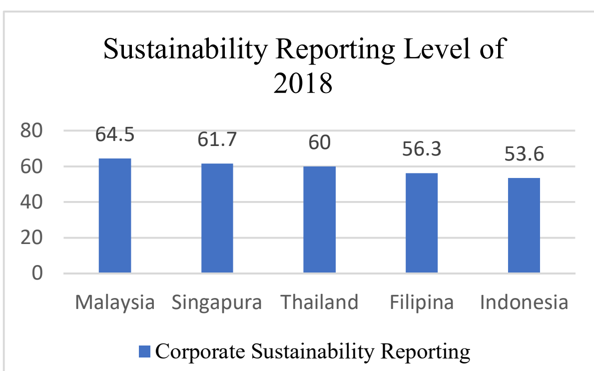
Abstract. *This study aims to determine the implementation of SEOJK No. 16/2021 regulation, external assurance statements on corporate sustainability reporting with firm size as control variable. The population on this research is several manufacturing company listed on Indonesian Stock Exchange on 2020 and 2022. This study used secondary data. The sampling technique used simple random sampling method with 290 firm as the sample for 2 years. Using multiple regression as data analysis technique on this research. The result showed that SEOJK no.16/ 2021 regulation had an effect on corporate sustainability reporting. Meanwhile, external assurance statements and firm size has no effect on corporate sustainability reporting.*

Keywords : *SEOJK No.16/2021, Regulation, External Assurance Statements, Firm Size, Corporate Sustainability Reporting.*

INTRODUCTION

The industrial sector evolves with time. To pique investor interest, companies must provide not just financial performance reports, but also other information given by management, such as corporate sustainability reporting. Corporate Sustainability Reporting, also known as sustainability reporting, is a kind of report that a corporation uses to disclose or communicate to all stakeholders about its environmental, social, and governance (ESG) performance in a responsible way.



Source: Ismail et al., (2022)

According to the statistics shown above, the adoption of corporate sustainability reports throughout Asia, notably in Indonesia, remains very low (53.6%). Malaysia has the highest

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reporting rate (64.5%), followed by Singapore (61.7%), Thailand (60%), and the Philippines (56.3%) (Ismail et al., 2022). This might be owing to the fact that the rule of POJK Number 51 / POJK.03/2017, which mandates listed firms to establish and publish sustainability plans, has not yet been fully implemented (Deyas et al., 2015; OJK, 2021).

Since the implementation of POJK 51/2017, 67 public businesses have produced sustainability reports, accounting for about 10% of all companies listed on the IDX. However, not all reports match the requirements established by the OJK. Only 55% of all published sustainability reports fulfill 80% of the standards established in POJK 51/17 (Kariman et al., 2023).

To address this problem, in mid-2021, the Financial Services Authority (OJK) released Circular Letter Number 16/SEOJK.04/2021 (SEOJK 16/2021) on the Form and Content of Annual Reports for Issuers and Public Companies. One of the circular's main points is about the Technical Guidelines for the Preparation of Sustainability Reports for Issuers and Public Companies. In these technical recommendations, OJK establishes a minimum level of 50 things that must be met in the company's sustainability report, which addresses economic, environmental, and social issues. The introduction of this rule on corporate sustainability reporting is expected to help firms strengthen stakeholder confidence, gain a competitive advantage, expand access to financing and markets, and mitigate risks (PWC, 2023).

In addition to publishing mandatory sustainability reports as required by SEOJK No. 16 of 2021, the rapidly growing trend of sustainability reporting in recent decades has not been accompanied by an increase in information credibility and accuracy, owing to a lack of consistency and completeness in sustainability reports. According to Heriyati (2022), the usage of external assurance statements for sustainability reports in Indonesia remains very low, with just 43 enterprises, or 17.77%, in the mining and banking sectors between 2014 and 2018. The limited use of external assurance statements in Indonesia is also owing to the fact that SEOJK No. 16 of 2021 does not make the use of external assurance statements obligatory. This is why firms in Indonesia are hesitant to release sustainability reports validated by external assurance services, despite the fact that using external assurance statements is critical to ensuring the veracity of sustainability information in corporate sustainability reporting. External assurance statements are also issued with the goal of boosting trust in the assessment outcomes of sustainability reports. Thus, external assurance statements are often employed to create more trust in the correctness of provided information (Lestari, 2022).

In addition to the corporate sustainability report and external assurance statements, stakeholders undoubtedly base their investment choices and confidence on the size of the organization. According to Madona & Khafid (2020), the bigger the firm, the more scrutiny it will face from stakeholders. As a result, the corporation must work harder to acquire the confidence of stakeholders in order to connect its social ideals with societal behavioral standards. The bigger the firm, the higher the obligation and scope of its sustainability reporting.

Manufacturing businesses are also classified as high-profile enterprises, which are distinguished by a high degree of environmental sensitivity, major political risks, and fierce rivalry among manufacturing corporations. In other words, high-profile industrial businesses are more likely to create environmental harm and societal consequences (Aurelya & Syofyan, 2023). Consider the instance of PT. Tri Megah Bangun Persada Tbk. (NCKL), whose activities have harmed water supplies, South Halmahera's coastal regions, and social living spaces. PT. Tri Megah Bangun Persada Tbk. (NCKL) has devastated the residents' land and plantations, polluted water sources, rivers, and sea water, contaminated the air with dust and pollution, endangering the community's health, and sparked social conflict through intimidation and repeated violence against residents defending their land and living spaces. PT Trimegah Bangun Persada, as well as other Harita Group firms in the region, dump rubbish into the river that goes into the sea. This causes the shoreline and water to become murky brown. Waste pipelines that flow into the sea are harming Obi Island's marine ecology. The seafood ingested by the people is also tainted with heavy metals (Gema, 2023). Thus, manufacturing enterprises are required by law to attach or submit accountability reports alongside financial accounts. According to PSAK No. 1, a manufacturing firm is one in which the environment and people play critical roles in ensuring the company's sustainability.

Despite the growing importance of External Assurance and Firm Size, research on its impact on Corporate Sustainability Reporting remains limited and yields inconsistent results. Some studies, like those by (Alon & Vidovic, 2015; Clarkson et al., 2019; Madona & Khafid, 2020) find a significant effect of External Assurance Statements and Firm Size on Corporate Sustainability Reporting. In contrast, other studies, such as those by Cho et al., (2014); Setiadi (2022), find no significant effect of External Assurance Statements and Firm Size on Corporate Sustainability Reporting. This study aims to address these inconsistencies and further explore the relationship between External Assurance Statements and Firm Size on Corporate Sustainability Reporting in the Indonesian context.

LITERATURE REVIEW

Stakeholder Theory according to Edward (1984) emphasizes that a corporation is an entity that must not only act in its own best interests but also deliver advantages to its stakeholders. Stakeholder theory demonstrates that firms are not only accountable for generating profits for their owners and investors, known as shareholders, but also for giving benefits to society, the social environment, and the government. One strategy for firms to sustain stakeholder relationships is through the disclosure of sustainability reports that include economic, social, and environmental performance (Made Endiana & Ayu Suryandari, 2021). This theory aligns with Regulation, External Assurance Statements, and Corporate Sustainability Reporting, where Regulation SEOJK No. 16/2021 emphasizes the importance of transparency and accountability in creating value for stakeholders in Corporate Sustainability Reporting. A Corporate Sustainability Report that reveals more comprehensive External Assurance Statements appears more reliable and of higher quality for corporate decision-making and stakeholders compared to those that do not disclose them. The company stated that external assurance is aimed at improving communication with stakeholders (Trihatmoko et al., 2020).

In the context of company size, this theory suggests that larger companies have more stakeholders who influence and are influenced by the company's existence. Therefore, larger companies have more interests to fulfill, including economic, social, and environmental responsibilities that can affect stakeholders' decisions regarding the company. In addition, this theory is also relevant to the use of Corporate Sustainability Reporting because it emphasizes the importance of companies considering the interests of all stakeholders related to their operations, including both internal and external parties. Corporate Sustainability Reporting can provide more transparent and accountable information about a company's performance in economic, environmental, and social aspects, as well as how the company contributes to the sustainability of society and the environment (Darmawan & Sudana, 2022).

According to Daub (2007) Sustainability Reporting is a report that includes qualitative and quantitative data on a company's success in improving economic, environmental, and social effectiveness and efficiency during the reporting period and incorporating these aspects into its sustainability management system. The purpose of sustainability reporting is to achieve sustainable development goals (Gunarsih & Ismawati, 2018). The Corporate Sustainability report is a mandatory report for companies in disclosing their social, economic, and environmental responsibilities, based on regulations issued by the Financial Services Authority

(OJK) under POJK No. 51/SEOJK.04/2017 and the new regulation under SEOJK No. 16 of 2021. The guideline currently in use is SEOJK No. 16 of 2021.

Surat Edaran Otoritas Jasa Keuangan (SEOJK) Regulation is a guidelines or framework issued by the Financial Services Authority of Indonesia that encompasses various guidelines and regulatory frameworks related to financial services, such as pension funds, anti-money laundering, counter-terrorism financing, and corporate sustainability reporting (OJK, 2021). According to Kariman et al., (2023) the Financial Services Authority Circular regarding the Form and Content of the Annual Report of Issuers or Public Companies (SEOJK) is a replacement provision that revokes the validity of the Financial Services Authority Circular Number 51/POJK.03/2017 concerning the Form and Content of the Annual Report of Issuers or Public Companies.

According to Harymawan et al., (2020) external assurance statements refer to the process in which an independent third party, such as an auditor or consultant, verifies and validates environmental, social, and corporate governance data and disclosures. This service is usually provided by certified service providers or hired individuals with expertise and competence in sustainability management processes and disclosures (Cicchiello et al., 2021). To increase the credibility of its sustainability reports, the reporting organization seeks external assurance from accredited assurance providers. Obtaining excellent external assurance will boost trust in the quality, dependability, and correctness of the organization's sustainability statistics. The external assurance process also assists firms in improving their reporting systems, data management, and accountability, so improving their sustainability performance.

Brigham & Houston (2019) define firm size as a company's magnitude, which can be categorized through total revenue, total assets, and total equity. The government has categorized business sizes into four classifications: micro enterprises, small enterprises, medium enterprises, and large enterprises. The more the overall assets possessed by a corporation, the larger its size. The magnitude of a corporation can affect the degree of corporate sustainability reporting. Rudangga & Sudiarta (2016) assets that companies with greater total assets has a superior capacity to finance the dissemination of information pertaining to their economic, social, and environmental accountability than those with lesser total assets.

METHODS

Data sourced from the Indonesia Stock Exchange website, individual company sites, and relevant literature comprises secondary quantitative data. The population consists of companies listed on the Indonesia Stock Exchange, totaling 145 companies annually for 2020 and 2022. This study uses a simple random sampling technique, where members of the population are randomly selected without regard for the current stratification within the population, with a total of 290 samples from manufacturing firms in the basic materials industry and consumer products on the Indonesia Stock Exchange.

This study employs one dependent variable, two independent variable, and one control variables. The dependent variable is Corporate Sustainability Reporting, and the independent variables are Regulation and External Assurance Statements. The control variable is Firm Size.

Corporate Sustainability Reporting is measured as applied in previous studies Khatri & Kjærland (2023); Latifah et al., (2019). Corporate Sustainability Reporting examines responsibility using the standards outlined in SEOJK No. 16 of 2021. There are seven primary measurement indicators and 50 possible measurement sub-indicators. The seven indicators are: sustainability strategy, overview of sustainability performance components, firm profile, board explanations, sustainability governance, sustainability performance, and others. Each element in the SEOJK No. 16 of 2021 indication will be assigned a score of one if expressed and zero if not expressed. Corporate sustainability reporting is calculated using the following formula:

$$\boldsymbol{CSR = \frac{The\ Number\ of\ Items\ Expressed}{50}\ x\ 100}\%$$

Regulation is measured by awarding a score of 1 if a firm employs SEOJK No. 16/2021 and 0 if it does not use SEOJK No. 16/2021 in its sustainability reporting (Faisal et al., 2020; Wahyuningsih & Meiranto, 2021). External Assurance Statements is measured the substance of a company's stated guarantee statement (1 or 0). If an item is revealed, it is assigned a value of one, and the total number of criteria disclosed is added up (Bepari & Mollik, 2016).

$$\boldsymbol{EXTASS = \frac{The\ Number\ of\ Items\ Expressed}{14}\ x\ 100}\%$$

Firm size is quantified by transforming total assets into logarithmic form with the objective of aligning them with other variables, because the value of the company's total assets is relatively bigger than the other variables in this study (Khatri & Kjærland, 2023).

Data is analyzed using statistical software such as SPSS. The analysis approaches used are descriptive analysis, classical assumption tests, multiple linear regression analysis, and hypothesis testing. This study employed multiple linear regression as its research model. In this research, the wild bootstrap approach is also employed to address the regression model's normality and heteroskedasticity. The wild bootstrap method is a resampling-based strategy that uses residual data to estimate regression model parameters in the presence of heteroskedasticity (Kline & Santos, 2011). The standard error value may be used to assess the success of the wild bootstrap technique; the lower the standard error generated by a parameter estimator, the better it is when compared to others. This model assesses the influence of the independent variable (Regulation, External Assurance Statements) and control variables (Firm Size) on the dependent variable (Corporate Sustainability Reporting). The multiple linear regression model used in this study is as follows:

$$CSRi,t = \beta0 + \beta1REGi,t\text{-}1 + \beta2EXTASSi,t\text{-}1 + \beta3SIZEi,t\text{-}1 + \varepsilon$$

Description:

CSR	: Corporate Sustainability Reporting.
REG	: SEOJK No.16/2021 Regulation.
EXTASS	: External Assurance Statements.
SIZE	: Fim Size.
$\beta0$	: Intercept or constant.
$\beta1,\beta2,\beta3$	: Regression coefficients indicating the extent to which each variable affects Corporate Sustainability Reporting.
i,t	: Indications of the company and the year of the variables used.
ε	: Error term.

RESULTS

The population used in this study are basic materials industry and consumer products companies listed on the Indonesia Stock Exchange. The total population of companies each year is 145 companies for 2020 and 2022. In this research, the researcher analyzes unbalanced data. If the number of observations differs among panel members, it is referred to as an unbalanced panel (Gujarati, 2003). In this study, the researcher has an unbalanced panel because the use of external assurance statements in the implementation of the SEOJK No.16/2021 is still not comprehensive, and large, small, and medium-sized companies are sampled simultaneously. This study uses a simple random sampling, in which case the population are randomly selected without regard for the current stratification within the population. Of the 145 manufacture companies with 2 years observation. Then the total sample used was 290 samples.

Descriptive Statistic Analysis

Table 1 Descriptive Statistic Result

Descriptive Statistics					
	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
CSR	*290*	*0,00*	*1,00*	*0,5000*	*0,50086*
REG	*290*	*0,00*	*0,92*	*0,0666*	*0,22403*
EXTASS	*290*	*0,00*	*31,18*	*21,3919*	*6,88338*
FIRM SIZE	*290*	*0,00*	*1,00*	*0,2507*	*0,42553*
Valid N (listwise)	*290*				

Source: Processed data with SPSS, 2024

In table 1 of the descriptive statistical analysis of the variables studied, some important information is obtained regarding the distribution and characteristics of the data. The variables analyzed include Corporate Sustainability Reporting (Y), Regulation (X1), External Assurance Statements (X2), and Firm Size (K1), with a total of 290 observations. The following are the results of descriptive statistical analysis of this study:

According to the descriptive statistics of the data above, the average value of the regulatory variable is 0.5000, or 50%, indicating that the average sample firm implements SEOJK No. 16 of 2021 at a 50% rate. The standard deviation at the regulatory level suggests a spread of 0.50086 across 290 samples. Emitters with a maximum regulatory level of 1.00 are identified in 145 firms, while the lowest level is 0.00, which is also present in 145 companies. The descriptive statistics for the External Assurance Statements (EXTASS) variable from 290 samples provide an average value of 0.0666, or 6.6%, indicating that the average sampled company employs External Assurance Statements at a rate of 6.6%. The standard deviation is 0.22403. There were 136 companies with the lowest EXTASS rating of 0.00 in 2020, but only 131 in 2022. Those with the highest EXTASS level of 0.92 were discovered in 9 companies in both 2020 and 2022.

The descriptive statistics for the company Size variable from 290 samples show an average company size of 213.92%. The standard deviation is 6.88338. Companies with the smallest firm size of 0.00 are 12 in 2020 and 2022, while the largest firm size, valued at 31.18, is PT Trimegah Bangun Persada Tbk in 2022.

The results of the descriptive statistics for the Corporate Sustainability Reporting (CSR) variable from 290 samples show an average value of 0.2507 or 25.07%, which means that the average sampled company reports its corporate sustainability report at a rate of 25.07%. The standard deviation is 0.42553. The companies with the lowest CSR of 0.00 numbered 214 in both 2020 and 2022, while those with the highest CSR value of 1.00 totaled 50 companies in 2022.

Classic Assumption Test

Normality Test

This study used the Kolmogorov-Smirnov normality test (K-S). Data is considered to be regularly distributed if its significance exceeds 5%, or 0.05. According to Table 2, the results of the normality test calculations indicate that the Asymp.Sig (2-tailed) value is 0.00 or less than 0.05. This shows that the data in this research does not follow a normal distribution. However, as the wild bootstrapping approach doesn't require the assumption of normality, it is presumed that the data has passed the normality test and that standard assumption tests may be performed afterwards (Fox, 2016). Furthermore, the assumptions of the Central Limit Theorem (CLT) may be used, which states that if the sample size is high (>100), the data will be regularly distributed (Gujarati, 2003).

Table 2 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		*290*
Normal Parameters[a,b]	*Mean*	*0,000*
	Std. Deviation	*0,341*
Most Extreme Differences	*Absolute*	*0,211*
	Positive	*0,207*
	Negative	*-0,211*
Test Statistic		*0,211*
Asymp. Sig. (2-tailed)		*.000*

Source: Processed data with SPSS, 2024

Multicollinearity Test

Multicollinearity test is a linear relationship that occurs between independent variables. Testing for symptoms of multicollinearity can be done by Pair-wise Correllation method. If the Pair-wise Correllation is below 0,8 then between the independent variables there is no linear relationship (no multicollinearity) (Gujarati, 2003). Based on the results in table 3, the tolerance value of all variables is below 0,8, these results are in accordance with the criteria mentioned earlier. So it can be concluded that there is no multicollinearity problem.

Table 3 Multicollinearity Test Result

Model		*SIZE*	*EXTASS*	*REG*
	REG	*-.136*	*-.054*	*1.000*
	EXTASS	*.079*	*1.000*	*-.054*
1	*SIZE*	*1.000*	*.079*	*-.136*
a. Dependent Variable: CSR				

Source: Processed data with SPSS, 2024

Heteroscedasticity Test

The heteroscedasticity test is used to test whether in the regression model there is an inequality of variance of the residuals. Based on the results of the heteroscedasticity test using the Glejser test, the result shows that the regulatory variables and external assurance statements exhibit signs of heteroscedasticity in this research model, where the significance values are 0.000 and 0.003 (<0.05), while the company size variable does not. If the assumption test is not met, an alternative estimation method that is robust to the violation of those assumptions is needed. The wild bootstrap method is one option that can be used to produce a better model (Atinri et al., 2014). The wild bootstrap method works by resampling the residual data while correcting the bias in the residual data, thereby generating residual data in a new regression model that is free from the symptoms of heteroskedasticity. Thus, the research data has passed the heteroscedasticity test., in this case it can be concluded that there is no indication of heteroscedasticity in the regression model.

Table 4 Heteroscedasticity Test Result

Model		*Sig.*
1	*(Constant)*	.027
	REG	.000
	EXTASS	.003
	Firm Size	.242

Source: Processed data with SPSS, 2024

Autocorrelation Test

The autocorrelation test aims to determine whether in a linear regression model there is a correlation between residual errors in period t and errors in period t-1 in linear regression (Gujarati, 2003). The autocorrelation test in this study was performed using the Durbin-Watson test method. The computation results in table 5 reveal that the Durbin-Watson (dW) value achieved was 2,107. This value is then compared to the Du-table and 4Du values. Autocorrelation will not occur if the Durbin-Watson value is between dU and 4-dU for a total data set of 290. The Durbin-Watson table shows that the dU value is 1,821, resulting in a 4-dU value of 2,178. Therefore, it can be stated that this study is devoid of autocorrelation, because the value of dU table < DW < 4-Du (1,821, 2,107, 2,178).

Table 5 Autocorrelation Test Result

Model	*Durbin- Watson*
1	2.107
a. Predictors: (Constant), REG, EXTASS, SIZE	
b. Dependent Variable: CSR	

Source: Processed data with SPSS, 2024

Hypothesis Test

Table 5 Multiple Linier Regression Analysis Result with Wild Bootstrapping Method

Model		B	*Std. Error*	*Bootstrap Sig.*
1	*(Constant)*	-.036	.048	.468
	REG	.496	.040	.001
	EXTASS	.145	.096	.131
	Firm Size	.001	.002	.570
a. Dependent Variable: CSR				

Source: Processed data with SPSS, 2024

Based on the results of the table above, the Regulation (X1) variable shows a significance of 0.001. The significance value is smaller than 0.05. This shows that REG has a significant effect on Corporate Sustainability Reporting. The second variable is External Assurance Statements (X2) variable shows a significance of 0.131. The significance value is greater than 0.05. This shows that EXTASS has no significant effect on Corporate Sustainability Reporting.

The control variable (K), namely Firm Size, shows a significance value of 0.570. The significance value is greater than 0.05. This shows that SIZE has no significant effect on Corporate Sustainability Reporting.

DISCUSSION

Based on the results of the hypothesis testing, it is known that the regulation variable has a significance value of 0.001. This result indicates a significance value of 0.001 < 0.05, thus regulation in this study is found to have a significant effect on corporate sustainability reporting. The results of this research also indicate that the findings align with stakeholder theory, which suggests that companies that utilize regulations in their sustainability reporting can provide more transparent and accountable information regarding their performance in economic, environmental, and social aspects, as well as how they contribute to the sustainability of society and the environment based on their commitment to demonstrate compliance to the Government as one of the key stakeholders. This indicates that an increase in regulation influences corporate sustainability reporting and leads to more transparent and accurate sustainability information, as measured by corporate sustainability reporting. The results of this study are also supported by the research of Wahyuningsih & Meiranto (2021) which shows that government regulation has a significant impact on sustainability reports.

Based on the results of the hypothesis testing, it is known that the external assurance statements variable has a significance value of 0.145. This result shows a significance value of 0.131 < 0.05, indicating that in this study, external assurance statements do not have a significant effect on corporate sustainability reporting. According to Cho et al., (2014) one of the factors that external assurance statements do not influence corporate sustainability reporting is that companies in Indonesia still rarely use external assurance statements, as reflected in the empirical evidence in this study. The reason external assurance statements are still rare is that companies are not obligated to conduct external assurance statements on corporate sustainability reports, as external assurance statements are not yet mandatory. The rarity of External Assurance Statements in manufacturing companies in Indonesia is also related to the high costs and lengthy processes involved in their creation, leading many companies to ultimately overlook the importance of having external assurance statements to enhance corporate sustainability reporting. The stakeholder theory also states that in order to satisfy stakeholders, a company will use certain methods that can demonstrate its good performance. With the increasing number of indicators disclosed, in order to gain the trust of stakeholders regarding the accuracy of the disclosures, companies can use assurance on sustainability reports and the accountability of company executives for their responsibilities regarding the company's sustainability reports.

Based on the research findings, it is known that the firm size variable has a significance value of 0.597. This result indicates a significance value of 0.570 > 0.05, thus in this study, it is determined that firm size has no significant effect on corporate sustainability reporting. This is in line with the research conducted by Hidayah & Yusuf, (2024); Setiadi (2022) which states that the size of a company does not influence corporate sustainability reporting, as even small companies can effectively report sustainability if it is deemed necessary and if they believe that such reporting can provide benefits, both directly and indirectly. Although, according to stakeholder theory, larger companies have more stakeholders that influence and are influenced by the company's existence. Therefore, larger companies have more interests to fulfill, including economic, social, and environmental responsibilities that can affect stakeholders' decisions regarding the company. However, it is not impossible for small companies to fully disclose their responsibilities, as this can enhance stakeholder trust in the company.

CONCLUSION

This study aims to analyze the implementation of SEOJK No.16/2021 Regulation, and External Assurance Statements on Corporate Sustainability Reporting, using basic materials industry and consumer products companies listed on the Indonesia Stock Exchange from 2020 and 2022 as research objects. By employing a simple random sampling technique, 145 companies in the Indonesia Stock Exchange from 2020 and 2022 observation resulted in 290 company data points used as samples in this study. The companies sampled have been described in the previous chapter.

From the data analysis results described, it can be concluded that this study shows the hypothesis stating that SEOJK No. 16/2021 Regulation has a significant effect on Corporate Sustainability Reporting is supported. This study shows that External Assurance Statements has no significant impact on Corporate Sustainability Reporting. This study shows that Firm Size has no significant impact on Corporate Sustainability Reporting. These findings are consistent with previous research by Cho et al., (2014); Setiadi (2022); Wahyuningsih & Meiranto (2021) who also found no significant effect of Regulation, External Assurance Statements, and Firm Size on Corporate Sustainability Reporting.

Stakeholder theory supports these findings, suggesting that companies with high External Assurance Statements, and Firm Size do not always experience increased the quality, completeness, and accuracy of their CSR. To gain the trust of stakeholders regarding the accuracy of its disclosures, a company can use assurance on its sustainability reports and the accountability of its executives for the company's sustainability reporting. The size of a company also does not necessarily mean it will provide a comprehensive sustainability report compared to smaller companies, as smaller companies can also engage in sustainability reporting if it positively impacts their business.

LIMITATION

The results of this study are influenced by several limitations, such as the relatively new CSR publication using Regulation SEOJK No. 16/2021, which has led to companies that have not yet implemented this regulation. Additionally, the limited availability of data also affects the outcomes of this research, particularly concerning the variables of external assurance statements and Corporate Sustainability Reporting, as Regulation SEOJK No. 16/2021 was only launched by the Financial Services Authority in 2021. Furthermore, the non-normally distributed sample data poses a limitation in this study.

It is recommended that future researchers expand their research objects beyond manufacturing companies in the basic materials sector and consumer goods industry to gain a more comprehensive view of other companies. Future researchers may also consider using or adding other variables that may have a greater impact on Corporate Sustainability Reporting.

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