ABSTRACT

This study investigates the antecedents of *sustainability disclosure* through the lens of stakeholder pressure and examines its subsequent impact on firm performance, positioning the quality of *sustainability assurance* engagements as a novel moderating variable. The research is motivated by a compelling empirical paradox in Indonesia: following the enforcement of POJK 51/2017, the proliferation of *sustainability reporting* surged dramatically from 38% in 2020 to 94% in 2024, yet investor trust concurrently deteriorated from 72 to 55 points, while national disclosure scores remained below the ASEAN baseline. Grounded in Stakeholder and Legitimacy Theories, we argue that *assurance* quality operationalized through *Assurance* Process Depth (APD) and *Assurance* Statement Breadth (ASB) serves as a critical mechanism converting symbolic legitimacy into market-recognized substantive legitimacy.

Employing an unbalanced panel dataset of 31 non-financial firms listed on the Indonesia Stock Exchange over the 2020–2024 period (yielding 117 firm-year observations) selected through purposive sampling; we estimate two empirical models utilizing Panel Estimated Generalized Least Squares (EGLS) with a Random Effects specification. Of the six antecedent predictors examined, only two exhibit statistical significance: mass media pressure, characterized by negative press coverage, emerges as the primary catalyst (corroborating reactive legitimacy management), alongside internal stakeholder pressure captured via employee intensity. Conversely, pressures from creditors, government agencies, consumers, and the oversight of Big 4 auditors fail to yield significant effects, highlighting structural deficiencies in the domestic market's ESG transmission mechanisms.

Regarding corporate consequences, the ESG Disclosure Score exerts no direct, statistically significant effect on Tobin's Q, validating the presence of an ESG value gap. Crucially, however, APD positively and significantly moderates this nexus, generating a marginal effect of 0.057 points on Tobin's Q for every unit increase in APD. Meanwhile, ASB remains non-significant due to a statistical ceiling effect (averaging 12.51 out of a maximum score of 13). This study concludes that mitigating the investor trust deficit and enhancing reporting quality cannot be achieved through a mere expansion of disclosure volume; rather, it fundamentally demands augmenting the depth of credible, standardized *assurance* processes, thereby aligning corporate practices with SDG 16 and SDG 17.

Keywords: *Sustainability disclosure, ESG Disclosure Score, Assurance Process Depth, Assurance Statement Breadth, Tobin's Q, Stakeholder Pressure, Legitimacy Theory, Indonesian Capital Market*