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Collaboration-Oriented Culture Towards *Sustainability Report Quality*: The Role of Competitive Pressure

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ABSTRACT

This research examines the impact of a collaboration-oriented culture on the quality of sustainability reports and the role of competitive pressure on this relationship. This quantitative research applies multiple regression analysis and moderated regression analysis to a sample of companies listed on the Indonesia Stock Exchange and the Sri Kehati index for the 2020-2022 period. Research data was obtained from the company's annual report and sustainability report. Research findings show that collaboration-oriented culture has a negative effect on the quality of sustainability reports. Competitive pressure was not found to weaken the negative effect of collaboration-oriented culture on the quality of sustainability reports. These findings indicate that the high and low competitive pressures faced by companies in their industry are unable to encourage companies to produce better-quality sustainability reports. This research has implications for companies to loosen collaboration-oriented culture to improve the quality of sustainability reports. This research also contributes to regulators (Indonesian Institute of Accountants and Financial Services Authority) to prepare sustainability report standards to improve the quality and comparability of reports.

ABSTRAK

Riset ini mengkaji dampak *collaboration-oriented culture* terhadap kualitas *sustainability report* serta peran tekanan kompetisi terhadap hubungan tersebut. Riset kuantitatif ini menerapkan analisis regresi berganda dan *moderated regression analysis* untuk sampel perusahaan yang terdaftar di Bursa Efek Indonesia dan indeks Sri Kehati periode 2020-2022. Data riset diperoleh dari *annual report* dan *sustainability report* perusahaan. Temuan riset menunjukkan *collaboration-oriented culture* berpengaruh negatif terhadap kualitas *sustainability report*. Tekanan kompetisi tidak ditemukan memperlemah pengaruh negatif *collaboration-oriented culture* terhadap kualitas *sustainability report*. Temuan tersebut menunjukkan bahwa tinggi rendahnya tekanan kompetisi yang dihadapi perusahaan pada industrinya tidak mampu mendorong perusahaan untuk menghasilkan *sustainability report* yang lebih berkualitas. Penelitian ini berimplikasi pada perusahaan untuk melonggarkan *collaboration-oriented culture* dalam rangka meningkatkan kualitas *sustainability report*. Penelitian ini juga memberikan kontribusi kepada regulator (Ikatan Akuntan Indonesia maupun Otoritas Jasa Keuangan) untuk menyusun standar *sustainability report* dalam rangka meningkatkan kualitas maupun komparabilitas laporan.

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1. Introduction

The topic of sustainability remains a significant global concern, including in Indonesia. Among the eighteen sustainable development goals (SDGs), environmental and social issues are becoming increasingly prioritized. It is crucial to tackle environmental and social dimensions, as they can influence the progress of other SDGs. The Environmental Performance Index (EPI) for 2022 assesses the environmental performance of 180 countries using 40 performance indicators across 11 categories. The overall findings indicate that Indonesia is positioned at 164th place (Wolf et al., 2022). In the environmental health category, the country ranks 134th, while it holds the 148th position for ecosystem vitality protection and the 162nd position concerning climate change.

The Indonesian Ministry of Environment and Forestry will evaluate business performance in environmental management from 2021 to 2022. According to the evaluation's findings, a large number of businesses' environmental management performance earned them red or even black ratings. According to the evaluation results, a large number of businesses have received red or even black ratings for their environmental management performance. 887 (28.2%) of the enterprises in the 2021–2022 year were given a red grade (KLHK, 2022), which is 242 (3.3%) more than in the prior period (Rion, 2022). The findings indicate that there is still room for improvement in Indonesia's environmental performance. In the meanwhile, the Indonesian Financial Services Authority (OJK) published rules in 2017 mandating that businesses submit sustainability reports outlining their social and environmental obligations (Otoritas Jasa Keuangan, 2017). In contrast to yearly reports, sustainability reports can include economic, social, and environmental data in a consistent style while preserving the information's quantity, quality, scope, and completeness (Pütter, 2017).

Companies use sustainability reports as a way to inform stakeholders about their sustainability efforts and to be transparent about them (Tay & Tay, 2023). For businesses to make the best choices, high-quality data is required. Research indicates that investors consider sustainability reporting as an alternative corporate governance instrument (Jadoon et al., 2021). Furthermore, it was discovered that high-quality sustainability reports could boost performance (Al-Shaer & Hussainey, 2022; Fitriana & Wardhani, 2020), lower earnings management methods (Al-Shaer, 2020), and enhance the company's reputation (Abbas et al., 2022). There is currently relatively little study on the caliber of sustainability reports in developing countries (Moses et al., 2020). The sustainability reporting research in developing countries mainly focuses on the amount of information disclosed (Injeni et al., 2022; Jayarathna et al., 2022), comparison with international standards (Boiral et al., 2019; I.-M. García-Sánchez et al., 2019; Jian et al., 2017), and its impact on company performance (Fitriana & Wardhani, 2020; Oware & Worae, 2023). Meanwhile, the company's reporting quality is affected by the reporting procedure in the company. The reporting procedure is affected by the company's beliefs, practices, and systems—collectively referred to as corporate culture. Corporate culture impacted the company hugely in several ways (Bai et al., 2024; Globocnik et al., 2020; Hasan et al., 2024;Li et al., 2021; Matinaro & Liu, 2017), such as in ethical decision-making (Audi et al., 2016), accounting procedures (Afzali & Thor, 2024; Datta et al., 2024; Ji et al., 2018), and economic performance (Fang et al., 2023; Guiso et al., 2015; Kim & Sun, 2024; Uchida & Kino, 2023). A Deloitte survey in 2016 showed that over 7,000 directors from 130 countries believed that establishing an unsuitable corporate culture is the cause of 80% of business issues.

A type of culture found in organizations (businesses) is a collaboration-oriented culture. Businesses with a strong collaboration-oriented culture emphasis on the internal circumstances with a high degree of flexibility (Bhandari et al., 2022; Cameron et al., 2014). Therefore, the quality of reporting to external parties is less prioritized for companies with a strong collaboration-oriented culture since they prioritize human resources and uphold the internal environment (Bhandari et al., 2022). A lack of reporting quality will cause decision-making by stakeholders may be hampered. This may influence the erroneous decisions made. The industry's competitive pressure is one of several external mechanisms that may push businesses to disclose more information (Glaeser & Landsman, 2021; Karuna, 2023; Shivaani & Agarwal, 2020). Companies are encouraged by intense competition to keep up with their rivals and strengthen their edge by transparently disclosing firm information (Birt et al., 2006; Isidro & Marques, 2021). A better reporting quality can satisfy the information needs of the investors and other stakeholders. A company can use competitive pressure as an external corporate governance instrument to lessen agency issues and information asymmetry (Ho et al., 2024). A literature review by Agama & Zubairu (2022) previous research on the sustainability report mainly focuses on stakeholder value creation, reporting standards, performance management, awareness, earnings management, and financial management. Study by Darlis & Syafei (2024) shows that study areas associated with sustainability reports majority related to financial performance also management and organizational aspects, while research related to organizational culture is still very limited. Furthermore, Hidayati (2023) found that the topic discussed by previous research (especially in Indonesia) still focuses on sustainability report disclosure as well as how sustainability reports affect firm value. Thus, the purpose of this study is to investigate how a collaboration-oriented culture affects the sustainability report quality and how competitive pressures affect that relationship. This study will determine whether there is a negative correlation between collaboration-oriented culture and sustainability report quality, as well as whether competitive pressure might mitigate this association. The purpose of this study is to determine whether a corporate culture that prioritizes collaboration tends to have a lower sustainability report quality and whether competitive pressure might lower that negative relationship.

Both theoretical and practical contributions might be made by this research. Theoretically, this study can contribute to the body of knowledge on sustainability reports in developing nations, which mainly still concentrated on the quantity of information revealed, comparison with global standards, and its effect on profitability (Boiral et al., 2019; García-Sánchez et al., 2019; Jian et al., 2017). Furthermore, little research has been done by earlier academics on the quality of sustainability reports in developing countries, particularly concerning the influence of corporate culture on sustainability report quality (Moses et al., 2020). Additionally, this study builds on earlier research that discovered collaboration-oriented culture, has a detrimental impact on sustainability report quality (Atika & Simamora, 2024). This study tries to identify an external mechanism—in this context a competitive pressure—that can lessen this detrimental effect. According to Ho et al. (2024), a company can use competitive pressure as an external corporate governance instrument to lessen agency issues and information asymmetry. Practically, this study will evaluate the effectiveness of POJK No. 51/POJK.03/2017 into practice, particularly with regard to the execution of sustainability reports. Furthermore, managers of the organization can examine the level of collaboration-oriented culture based on the research findings.

2. Literature Review

2.1. Agency Theory

According to Jensen & Meckling (1976), the existence of a contract between the principal (owner or shareholder) and the agent (management) gave rise to agency theory. The agent is authorized by the principal to run the business on the principal's behalf. According to agency theory, a conflict of interest, also known as an agency dilemma or agency problem, can arise when the principal and the agent have different priorities. While principals will emphasize long-term interests, particularly concerning corporate continuity, agents may act more in a way that prioritizes short-term goals that yield personal gains. When the agency problem is not managed or fully controlled, it will cause a residual loss resulting in misuse of corporate funds or negligence of duties (De Villiers & Hsiao, 2018).

Agency theory and sustainability reports are related in the framework of accountability, information openness, risk management, and managing the interests of both parties. When it comes to company information, agents who are authorized by the principal to run the business will be better than principals who have restricted access. Specifically on the context of sustainability information, the agent has more information about the environmental, social, and governance impact of its business than the stakeholders. Sustainability reports can reduce agency costs and decrease the problem of information asymmetries therefore might increase companies' financial performance (Buallay, 2022). Sustainability reports as voluntary disclosures can act as a monitoring mechanism to mitigate agency problems (De Villiers & Hsiao, 2018). To achieve corporate sustainability, a solution that can be applied to enhance current agency issues is required, namely the creation of a sustainability report as a source of information that may boost transparency.

2.2. Collaboration-Oriented Culture on Sustainability Report Quality

Collaboration-oriented culture (often known as clan culture) is a type of organizational culture that emphasizes internal operations and is focused on long-term transformation with the main sources of value being commitment, communication, and development (Cameron & Quinn, 2006). The idea behind a collaboration-oriented culture is that high levels of human resource commitment and development can promote a company's effectiveness. Businesses can adopt positive employee attitudes that can result in productive team performance and boost corporate success thanks to the cooperative process and harmony attained via employee involvement (Barth & Mansouri, 2021). Leaders in organizations with a collaborative culture typically serve as team builders, mentors, and facilitators. Family businesses tend to have a high degree of a collaborative culture (Graham et al., 2022). Agency theory states that voluntary disclosure (in this context sustainability report) can act as a mechanism to mitigate agency problems that arise between managers and shareholder (De Villiers & Hsiao, 2018). Meanwhile, a company with a collaboration-oriented culture tends to struggle with sustainability initiatives because they prioritize internal operations above outward focus (Globocnik et al., 2020; Matinaro & Liu, 2017). Globocnik et al. (2020) found that collaboration-oriented culture negatively impacts companies' sustainability-related innovation performance. Other previous study shows that companies with a collaboration-oriented culture tend to have a lower reporting quality in U.S. (Bhandari et al., 2022). Furthermore, collaboration-oriented culture has a negative effect on the quality of sustainability report (Atika & Simamora, 2024). H1: Collaboration-oriented culture has a negative effect on sustainability report quality.

2.3 Collaboration-Oriented Culture, Competitive Pressure, and Sustainability Report Quality

Agency theory posits that information asymmetry arises from agency problems can be dealt with by voluntary disclosure, including sustainability report (De Villiers & Hsiao, 2018). Better financial reporting quality is correlated to companies with a highly competitive culture (Bhandari et al., 2022). This suggests that managers are deterred from acting aggressively in financial reporting by a competitive culture. It was discovered that raising the standard of financial reporting was linked to shifting the emphasis from a culture of cooperation to competition (Bhandari et al., 2022). Companies with a strong collaboration-oriented culture are more likely to concentrate on their internal operations and give the external environment less thought. As a result, companies with this culture are less concerned with the quality of financial reports, including sustainability reports (Atika & Simamora, 2024).

The existence of competitive pressure may affect managers' decisions in disclosing and reporting a company's information (Chen et al., 2022). When companies face a lot of pressure from their rivals, managers often reveal less information about the company since it could be utilized by rivals to undermine the company's position, including value chain information (Chen et al., 2022). However, companies typically disclose or report more information to maintain credibility, boost stakeholder trust, and gain a competitive edge in the market, such as voluntary disclosure (Birt et al., 2006; Isidro & Marques, 2021), segment-level employee numbers (Karuna, 2023), patent information (Glaeser & Landsman, 2021), and risk information (Shivaani & Agarwal, 2020).

Although managers are free to choose the reporting channels and the amount of information disclosed, Financial Services Authority Regulation No. 51/POJK.03/2017 mandates that public companies, issuers, and financial services institutions prepare sustainability reports (Otoritas Jasa Keuangan, 2017). Companies with a highly collaboration-oriented culture tend to less attention to reporting quality (Bhandari et al., 2022), including sustainability reports (Atika & Simamora, 2024). Nonetheless, competitive pressure from the industry pushes companies to keep a strategic position in the market, which includes improving information disclosure (Isidro & Marques, 2021). Consequently, it is envisaged that industry pressure will motivate companies with a strong culture of cooperation to focus more on the quality of sustainability reports.

H2: Competitive pressure weakens the negative effect of a collaboration-oriented culture on the sustainability report quality

3. Research Methods

This is a quantitative study which the sample consists of companies that are listed on the Indonesia Stock Exchange and Sri Kehati Index. Sri Kehati Index includes twenty-five companies that promote sustainable business practices with good performance in social, environmental, and governance (Yayasan KEHATI, 2020). The Sri Kehati Index was selected in light of prior study findings that indicated companies with strong social and environmental performance and efficient governance are more likely to publish sustainability reports (Burgos-Jimenez et al., 2013; Krechovská & Procházková, 2014). There are 68 samples for period of 2020-2022 which gathered using purposive sampling procedures using the criteria presented in Table 1 below.

Table 1. Research Samples

Criteria	Period			Total
	2020	2021	2022	
Firms listed on the Sri Kehati index	25	25	25	75
Firms which doesn't listed in the periods of evaluation in a row	(2)	(2)	(3)	(7)
Year-observations	23	23	22	68

The study timeframe includes 2020–2022 uses secondary data from sustainability reports and annual reports. Annual reports used to obtained the information about governance committee and financial data. The annual reports accessed via the company website and the Indonesian Stock Exchange website. Furthermore, sustainability report used to obtained the information about verification data and external assurance services that may be accessed on the company website. The content analysis method was used to gather quality data for sustainability reports.

The purpose of this study is to investigate how a collaboration-oriented culture affects the sustainability report quality and how competitive pressure affects this relationship. Figure 1 shows an illustration of the research model.

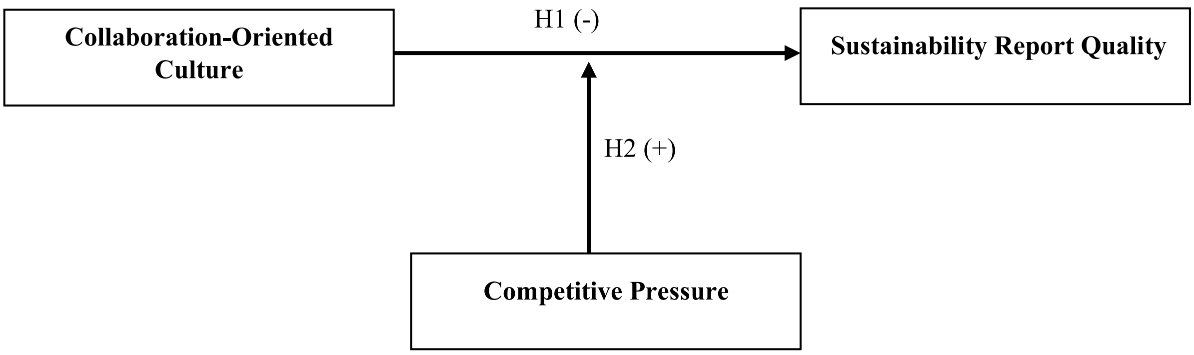

Figure 1. Research Model

The dependent variable in this study is the sustainability report quality. A sustainability report is an organized summary of data regarding a business's performance in terms of economic, social, and environmental factors that is presented as a comprehensive report (Simoni et al., 2020). A scale of 1 to 4 is used to evaluate the quality of sustainability reports (Erin et al., 2022). The measurement of sustainability report quality is presented in Table 2 below.

Table 2. Sustainability Report Quality Scoring

Score	Criteria
1	The company publishes a sustainability report
2	The company publishes a sustainability report and the company has an additional committee under the board of commissioners, namely the sustainability committee
3	The company publishes a sustainability report and the sustainability report is validated by an external non-audit party
4	The company publishes sustainability reports and sustainability reports are validated by external audit services

Source: (Erin et al., 2022)

Collaboration-oriented culture is the independent variable that is being employed. Companies that have a collaboration-oriented culture are more likely to be flexible and concentrate on internal aspects (Bhandari et al., 2022). Employees in this culture have a high level of trust in their leaders since the human resource policies are centered on employee growth and retention within the organization (Cameron et al., 2014). Collaboration-oriented culture measured using the ratio of total employee remuneration to total operational expenses (Atika & Simamora, 2024; ElKelish & Hassan, 2014; Shwairef et al., 2021). Competitive pressure acts as a moderating factor in this study. Competitive pressure known as the degree of competition that a company faces in its industry. In this study, the industry sector was based on the global industry classification standard (GICS) which created by S&P Dow Jones and Morgan Stanley Capital International (MSCI). The GICS divided industry into 11 sectors, 25 industry groups, 74 industries, and 163 sub-industries (MSCI, 2014). Dummy variables were used in this study to quantify competitive pressure (Blanco et al., 2015). If the company's competitive pressure value is higher than the median, it receives a score of 1, and if it is lower than the median, it receives a score of 0 (Atika, 2020; Zuhrotun, 2016).

This study uses firm size as a control variable. A larger firm size typically has lower information-related costs to provides information than a smller firm size, therefore tends to discloses more information (Shivaani & Agarwal, 2020; Zhou et al., 2020) and generate better reporting, including sustainability report (Abdulsalam & Babangida, 2020). The natural logarithm of total assets was used in this study to calculate the firm size (Abdulsalam & Babangida, 2020; Chen et al., 2022; Wang, 2017; Zhou et al., 2020). Two regression models were created for this study. It is consists of multiple regression analysis and moderated regression analysis. The following are the models:

$$SRQ_{i,t}=a+b_1COC_{i,t}+b_2SIZE_{i,t}+e_{i,t} \quad (1)$$

$$SRQ_{i,t}=a+b_1COC_{i,t}+b_2TKI_{i,t}+b_3COC_{i,t}*TKI_{i,t}+b_4SIZE_{i,t}+e_{i,t} \quad (2)$$

Notes:

$SRQ_{i,t}$	= Sustainability report quality for firm i in period t
$COC_{i,t}$	= Collaboration-oriented culture of firm i in period t
$TKI_{i,t}$	= Competitive pressure of firm i in period t
$COC_{i,t}*TKI_{i,t}$	= Interaction of collaboration-oriented culture and competitive pressure of firm i in period t
$SIZE_{i,t}$	= Firm size of firm i in period t
a	= Constant
b_1-b_4	= Regression coefficient
$e_{i,t}$	= Error of firm i in period t

The t-test is used for hypothesis testing. In the event that the regression coefficient is negative and the COC significance value in model 1 is less than 0.05 (5%) then the first hypothesis (H1) is supported. However, if the regression coefficient is not in the same direction as the hypothesis (positive regression coefficient) or if the significance value is more than 0.05, the hypothesis is not supported. If the regression coefficient value is consistent with the hypothesis (positive regression coefficient) and the significance value of COC*TKI in model 2 is less than 0.05, then the second hypothesis (H2) is supported. However, if the significance value is greater than 0.05 or the regression coefficient value is not consistent with the hypothesis (negative regression coefficient), the hypothesis is not supported.

4. Results and Discussion

4.1. Descriptive Statistics

In this study, the description of data characteristics includes minimum value, maximum value, average value and standard deviation. Table 3 below shows the results of descriptive statistics for 68 samples.

Table 3. Descriptive Statistics

Variable	Minimum	Maximum	Average	Std. Dev.
SRQ	1.000	4.000	2.500	1.409
COC	0.000	0.895	0.333	0.194
TKI	0.000	0.929	0.760	0.267
TKI(dummy)	0.000	1.000	0.820	0.384
SIZE (in trillion)	3.849	1,992.544	334.614	525.784
SIZE (ln)	28.980	35.230	32.235	1.670

Notes: SRQ = Sustainability Report Quality; COC = Collaboration-Oriented Culture; TKI = Competitive Pressure; SIZE = Firm Size

According to Table 3, the sustainability report quality has a minimum value of 1, a maximum value of 4, an average of 2.5, and a standard deviation of 1.409. Companies with a minimum value of 1 just provide sustainability reports; they do not have a sustainability committee or have external parties, such as non-auditors or external audit parties, assess their reports. At this level, there are 29 observations from the 17 firms which only publish sustainability report. Furthermore, the highest value shows that there are companies that releases a sustainability report which has been verified by an outside audit assurance firm. This level includes 29 observations from 10 firms.

The collaboration-oriented culture has the lowest value of 0.000 and the greatest value of 0.895. The lowest value indicates that there is a company which has a 0.05% ratio of total employee compensation to operating expenses (AKR Corporindo Inc.). On the other hand, the highest value indicates that there is a company which total employee compensation to operational expense ratio up to 89.51% (Wijaya Karya Beton Inc.). Conversely, the average value of the collaboration-oriented culture is 0.333, with a standard deviation of 0.194. According to this, the sample company's on the average have a total employee remuneration accounts for 33.30% of its overall operating expenses.

Competitive pressure has a minimum and maximum values of 0.000 and 0.929 with an average value and standard deviation of 0.760 and 0.267. A minimum value of 0.000 shows that there is a company which faces a very low competition on its industry (Perusahaan Gas Negara (Persero) Inc.). However, the highest value suggests that certain companies are subject to intense industry competition (PP Properti Inc. and Bumi Serpong Damai Inc. which operate in the real estate development and management sector). On average, the industry's sample companies are face a high competitive pressure (0.760).

Firm size has a minimum and maximum value of 3.849 trillion rupiahs (Industri Jamu dan Farmasi Sido Muncul Inc. in 2020) and 1,992.544 trillion rupiahs (PT Bank Mandiri Tbk in 2022). An average value of firm size are 334.614 trillion rupiahs with a standard deviation of 525.784 trillion rupiahs.

4.2. Hypotheses Testing

The hypotheses testing for Model 1 employed a multiple regression model (least square model). Furthermore, the Model 2 used the least squares model with Hubner-White-Hinkley (HC1) heteroscedasticity consistent standard errors and variance. Table 4 below displays the findings of hypotheses testing.

Table 4. Hypotheses Testing Result

Variables	Model 1			Model 2		
	Coeff.	**t-Stat.**	**Sig.**	**Coeff.**	**t-Stat.**	**Sig.**
Constant	-9.521			-8.003		
COC	-2.702	-3.900	0.000***	-3.425	-3.360	0.001***
TKI				-0.785	-1.501	0.138
COC*TKI				0.510	0.347	0.729
SIZE	0.400	4.962	0.000***	0.377	6.224	0.000***
F-Statistics (Sig.)	23.206 (0.000***)			12.339 (0.000***)		
Adjusted R^2	0.398			0.403		

***Signinificant level at 1%, **Significant level at 5%

Keterangan: COC = Collaboration-Oriented Culture; TKI = Competitive Pressure; COC*TKI = Interaction between Collaboration-Oriented Culture and Competitive Pressure; SIZE = Firm Size

Table 4 illustrates that collaboration-oriented culture (COC) in Model 1 has a sig value. 0.000 (< 0.05) with a regression coefficient of -2.702. Based on this statistics, it can be concluded that a collaboration-oriented culture has a negative impact on the quality of sustainability report. Thus, the first hypothesis which predicts that a collaboration-oriented culture has a negative effect on the sustainability report quality is supported (H1 is supported). These results show that stronger collaboration-oriented culture will cause a lower the company's intensity in producing a higher quality of sustainability reports. In line with these findings, Globocnik et al. (2020) found that collaboration-oriented culture negatively impacts companies' sustainability-related innovation performance. Bhandari et al. (2022) found that companies with collaboration-oriented culture tend to have a lower quality of company financial reporting in the U.S. (including in terms of earnings management incentives). The results of this study strengthen Atika & Simamora (2024) which shows that a collaboration-oriented culture has a negative effect on the quality of financial reporting, especially the quality of sustainability reports.

The interaction of collaboration-oriented culture with competitive pressure (COC*TKI) in Model 2 has a sig. value of 0.729 (> 0.05) with a regression coefficient of 0.510. This indicates that competitive pressure does not weaken the negative effect of collaboration-oriented culture on the quality of sustainability reports. Therefore, the hypothesis which states that competitive pressure weakens the negative effect of collaboration-oriented culture on the sustainability report quality is not supported (H2 is not supported). The result of this study indicates that the competitive pressures faced by Indonesian companies in their industry are not strong enough to be able to minimize the negative influence of a collaboration-oriented culture that focuses too much on the company's internal affairs. This is thought to be caused by the fact that most Indonesian companies are family firms. Companies with family firms tend to have a high family culture, so that the company's human and internal resources are the main thing. Based on the results of hypothesis testing, firm size (SIZE), which is a control variable, has a sig. value of 0.000 with a regression coefficient of 0.400 in Model 1. On the other hand, firm size in Model 2 has a sig. value of 0.000 with a regression coefficient of 0.377. Based on these results, it was found that firm size has a positive impact on the quality of the sustainability report.

5. Conclusion

This study attempts to investigate how collaboration-oriented cultures affect the sustainability report quality with competitive pressure as a moderating variable. The results of this study show that the quality of sustainability reports is negatively impacted by a collaboration-oriented culture. It was discovered that the impact of a collaboration-oriented culture on the sustainability report quality was not weakens by competitive pressure. These findings suggest that companies with a predominately collaborative culture cannot be persuaded to enhance the quality of sustainability reports by external governance mechanisms such as competitive pressure. This study implies that companies may loosen their collaboration culture to improve the quality of sustainability reports. This study also contributes to regulators (Indonesian Institute of Accountants and Financial Services Authority) to prepare sustainability report standards to improve the quality and comparability of sustainability reports.

There are some limitations on this study. This study only studied companies that are listed on the Sri-Kehati Index. Furthermore, this study consists of 2020–2022 period. This situation makes the research findings has a limit generalization ability. To improve the generalizability of research findings, future studies can broaden the scope and duration of investigations. Aside from that, this study has not been able to identify an external governance mechanism that can weakens the negative effects of a collaboration-oriented culture on the quality of sustainability reports. As a result, future study can examine the other internal and external mechanism that may mitigate the negative effect of collaboration-oriented culture on suatainability report quality, including company governance.

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