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SUSTAINABILITY REPORTING QUALITY ON CORPORATE REPUTATION: THE ROLE OF POLITICAL AND MILITARY CONNECTIONS

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ABSTRACT: Sustainability reporting, a tool for gaining and maintaining legitimacy, plays a crucial role in shaping the company's reputation. This study aims to examine the role of the board of commissioners and directors, who have political affiliations and military backgrounds, in enhancing the impact of sustainability reporting quality on a company's reputation. This study was conducted on 111 companies listed on the Indonesia Stock Exchange for the 2016–2022 period, with dynamic panel data unbalanced with observations of 389. The generalised method of moment (GMM) is the analysis technique used. We conduct robustness tests by comparing reputation with another measurement, specifically market capitalisation. The study's findings show that political connections strengthen the influence of sustainability reporting quality on reputation. Meanwhile, military connections weaken the influence of sustainability reporting quality on reputation. This research model is robust because the test results, which replace reputation measurement with market capitalisation, show the same results.

KEYWORDS: sustainability, political, military connection

Introduction

Sustainable Reporting (SR) reflects the accountability of companies in conducting business responsibly (Boiral et al., 2019). The disclosure of quality SR in general is still relatively low because the published SR is not fully in accordance with the GRI framework (Dewi et al., 2023). SR has received criticism regarding its credibility and reliability due to its efforts in greenwashing, limited scope, and lack of transparency (Lock & Seele, 2016; Michelon et al., 2021). The sole purpose of SR is to uphold the company's image and reputation, which may potentially mislead users of sustainability reports (Michelon et al., 2021; Talbot & Boiral, 2018). The SR of Indonesian companies has been criticised for having low readability and potentially misleading users of the report (Adhariani & du Toit, 2020), as well as the quality of the SR in question. SR reporting should be prepared according to GRI standards (GRI, 2021), according to stakeholders (Diouf & Boiral, 2017) and materiality (Farooq et al., 2021).

The quality of SR plays a crucial role in shaping a company's reputation and serves as a tool to enhance stakeholder acceptance of its activities (Gomez-Trujillo et al., 2020). Various aspects of SR have a tangible contribution in shaping and enhancing the company's reputation (Unal & Tascioglu, 2022; Zimon et al., 2022). Corporate governance effectiveness and SR quality play a crucial role in enhancing the company's reputation (Ghuslan et al., 2021). More specifically, the contribution of SR to enhancing reputation is still partial. In the short term, the quality of SR does not contribute at all to improving reputation, and it can only enhance it in the long term (Sehgal et al., 2022).

Although the GRI framework is seen as a step forward, the principles for determining the quality of sustainability reports are not substantially applied in practice, so the reliability of the information reported by companies is low (Dewi et al., 2023). This condition supports the argument that SR is a management strategy to display only the positive aspects of the company and eliminate its negative results so that the substance of SR is lost (Diouf & Boiral, 2017).

According to the legitimacy theory, quality SR reporting serves as a tool for managing and maintaining legitimacy (Deegan, 2019). A quality SR can present a one-way communication channel from the corporation to stakeholders in the hope of gaining legitimacy from stakeholders so that it can maintain or improve its corporate reputation (Martínez & Rodríguez del Bosque, 2014). Reputation is critical to a company's success in today's competitive market (Kim et al., 2020). The company's SR quality serves as a visual communication tool to all stakeholders, aiming to gain legitimacy and subsequently enhance the company's reputation (Martínez & Rodríguez del Bosque, 2014). Quality SR reporting as a means to manage and maintain legitimacy (Deegan, 2019) and can improve the company's reputation (Martínez & Rodríguez del Bosque, 2014). SR has the potential to improve a company's reputation and increase stakeholder acceptance of its activities (Gomez-Trujillo et al., 2020). Research (Abideen & Fuling, 2024; Morsing & Schultz, 2006) reveals varying perspectives on the impact of quality SR on reputation, concluding that SR in non-financial companies can potentially weaken the company's image. Different views emerged from the results of the study (Sehgal et al., 2022; Uzliawati et al., 2023), which found that sustainability reports (SRs) could not have a significant effect on reputation, especially in the short term.

The political and military connections of the board of commissioners and the board of directors can amplify the impact of SR quality on the company's reputation. According to the upper echelons theory Hambrick and Mason (1986), the political and military backgrounds of the leadership elements (the board of commissioners and the board of directors) influence a company's reputation.

Prior studies, especially those conducted by Sehgal et al. (2022) and Uzliawati et al. (2023), indicate that they have still not been able to consistently explain the influence of SR quality on reputation, both in the long term and in the short term. Policies and decisions set by the company's supervisory elements and leaders can increase the impact or consequences of SR quality on the company's reputation, particularly when the board of commissioners and directors have political and military connections.

Political connections play an important role in influencing stock prices (Datta & Ganguli, 2014). Widespread political connections significantly enhance a company's performance, thereby triggering an increase in stock prices (Habib et al., 2017). Different types of political connections provide evidence of having different impacts on company disclosures (Saraswati et al., 2020). At the beginning of 2016, conditions in Indonesia were such that the Ministry of State-Owned Enterprises (SOEs) considered appointing former military personnel as members of the board of commissioners in Indone-

sia's SOEs. This is certainly a trigger for other companies to follow this policy, especially high-profile companies that are directly related to the environment (Harymawan et al., 2022).

This research primarily aims to examine the role of the board of commissioners and directors, who have political affiliations and military backgrounds, in enhancing the impact of sustainability reporting quality on a company's reputation. The military plays a significant role in politics in Indonesia's case. Specifically, it highlights Indonesia's significant military influence on the political decision-making process. Based on this presentation, the research is motivated and developed with a focus on two main areas: 1) sustainability reporting quality, which is comprehensively developed by identifying 148 GRI (2016) standards, namely universal standards (general disclosure and management approaches) and topic-specific standards, and classifying them into 22 quality reporting standards according to GRI (2016); and 2) exploring the factors of political and military connections in strengthening the impact of SR quality on reputation. This research can explain the contribution of political and military connections to the influence of sustainability reporting quality on the company's reputation.

An overview of the literature and hypothesis

For the purpose of preserving or enhancing the company's reputation, SR can offer a one-way channel of communication to stakeholders (Unal & Tascioglu, 2022). The recognition or legitimacy obtained by the company is crucial in contributing to creating the company's reputation (Alon & Vidovic, 2015; Endiana et al., 2024). In order to manage legitimacy and enhance stakeholder acceptance and perception of the company's activities, the company strives to publish Social Reports (SRs) that effectively communicate the company's commitment to economic, environmental, and social dimensions, thereby enhancing its reputation (Abideen & Fuling, 2024; Gomez-Trujillo et al., 2020). Research (Cowan & Guzman, 2020; Martínez & Rodríguez del Bosque, 2014; Sumarta et al., 2023) revealed that the company's SR (economic, social, and environmental) dimensions directly enhance its reputation. The study (Sehgal et al., 2022) specifically conveyed the short-term effect of SR quality, stating that it can enhance the company's reputation. Based on this presentation, we can formulate the following hypothesis for our research:

H₁: Sustainability Reporting Quality enhances the company's reputation.

The company's SR quality serves as a visual communication tool for all stakeholders, aiming to establish legitimacy and enhance the company's reputation (Martínez & Rodríguez del Bosque, 2014). High SR quality can enhance and sustain the company's reputation, and it can be reinforced by the company's policies and decisions, fostering confidence among all stakeholders in the company's sustainability. The upper echelons theory asserts that a company's performance is shaped by leadership traits. This study examines the traits of the company's board of commissioners and directors who originate from the military (including the police and the TNI) and have political connections or affiliations. Supervisors and leaders, specifically the board of commissioners and the board of directors, who are directly or indirectly affiliated with politics, have interests related to their respective roles. Political connections, whether direct or indirect, are inseparable from elements of group or individual interests, leading to a variety of results. A strong corporate social responsibility (SR) will enhance the company's image. However, the political connections and interests of the board of directors and commissioners can influence the company's reputation. Research of Hung et al. (2018) and Muttakin et al. (2018) found that the political presence of connected council members can reduce CSR disclosure. This is because the legitimacy derived from CSR can be replaced with the profits that the company obtains from its political connections. Political connections aid companies by making funding easier to obtain and mitigating the risk of litigation, thereby reducing incentives for public disclosure (Hung et al., 2018).

According to Datta and Ganguli (2014), political connections affect stock prices in India. The share price of companies whose leaders are from the winning political party will increase. The influence of political connections in Indonesian companies is very strong, plays an important role in the company's performance, and can trigger stock price movements (Habib et al., 2017). Political party-affiliated boards of directors must be viewed from a variety of perspectives as they can have varying impacts. The results of the research Saraswati et al. (2020), Wong and Hooy (2018) found that it is important to distinguish between different types of political connections because not all of them

provide value to the company. Research of Goldman et al. (2009) asserts that leadership elements with political connections significantly contribute to enhancing the company's reputation, thereby increasing its value.

Meanwhile, the military (TNI and police) board of commissioners and board of directors possess a strong leadership spirit, discipline, good organisational skills, and integrity, all of which can contribute to reducing agency problems (Lin et al., 2012). Companies with strong social responsibility (SR) quality can enhance their reputation, particularly when they have a board of commissioners and directors with a military background. These individuals possess high integrity, loyalty, and leadership qualities, which can further enhance the company's reputation. Research of Chen et al. (2021) states companies led by executives with military experience have the potential to achieve strong environmental performance. With the characteristics they possess, leaders with a military background are able to increase the influence of SR quality on the company's reputation. Based on the explanations that have been discussed related to political and military connections, the following hypotheses can be proposed:

H₂: Political connections moderate the influence of sustainability reporting quality on the company's reputation.

H₃: Military connections moderate the influence of sustainability reporting quality on company reputation.

Research Methods

The sample of this study is all companies listed on the Indonesia Stock Exchange for the 2016–2022 period that received corporate image awards and published SRs in that period, totaling 111 companies. The sampling technique is carried out using purposive sampling with the following criteria: 1) Companies listed on the Indonesia Stock Exchange for the 2016–2022 period. 2) Companies that received corporate image awards for the 2016–2022 period (consecutive awards or not). 3) Companies that published SRs in the previous year (t-1) when receiving corporate image awards. Table 1 below displays measurements of reputation, sustainability reporting quality, political connections, and military connections.

Table 1. Variable Measurement

Variable Name	Code	Measurement	Reference
Sustainability reporting quality	SRQ	<ul style="list-style-type: none"> • Universal standards & topic-specific standards (148 standards) • Quality SR report indicators (22 indicators from the dimensions of accuracy, balance, clarity, comparability, reliability, timeliness) 	GRI (2016)
Reputation	Rpi Rpc	Corporate Image Index Market capitalization = number of shares outstanding x share price	Frontier group
Political connections	PC	% of the board of commissioners & directors are politically affiliated with the following criteria: (1) currently affiliated with a political party (ever or currently) (2) minister (ever or currently) (3) member of parliament (House of Representatives or DPR) has been or is (4) cabinet secretary (once or moderately) (5) Governor or Deputy Governor (once or moderately).	Hung et al. (2018)
Military connections	MC	% of board of commissioners & directors with military background	Harymanwan (2018)

In non-experimental research, the issue of endogeneity often goes unnoticed, despite its significant impact on study results and the relationship between studied variables, particularly in the analysis of time series data. This study applies the generalized method of moment to the dynamics of current data, establishing a relationship with previous data.

The following equation shows the dynamic panel data regression model (GMM) used in the analysis:

Model 1:

$$RP(i)it = \beta_0 + \beta_1 RP(i)it - 1 + \beta_2 SRQit + \lambda_i + \varepsilon_i, \quad (1)$$

Model 2:

$$RP(i)it = \beta_0 + \beta_1 Rp(i)it - 1 + \beta_2 SRQit + \beta_3 PCit + \beta_4 MCit + \beta_5 SRQit * PCit + \beta_6 SRQit * MCit + \lambda_i + \varepsilon_i. \quad (2)$$

where:

RP(i) – reputation with corporate image index,

SRQ – sustainability reporting quality,

PC – political connections,

MC – military connections,

$\lambda_i \varepsilon_i$ – error.

Model specification testing is used to determine the dynamic data panel model with the GMM estimation that is used most perfectly in meeting the criteria of unbiased, valid, and consistent instruments:

- a) Unbiased: estimators from pooled least squares are biased upwards and estimators from fixed-effect are biased downward. Estimators are said to be unbiased if they are among them,
- b) Valid Instruments: this validity is checked using the Sargan test. The Sargan test is used to determine the validity of the use of instrument variables whose number exceeds the estimated number of parameters (overidentifying restrictions). The instrument will be valid if the probability value of J-Statistics > 0.05,
- c) Consistent: the consistency properties of the obtained estimators can be checked from the statistics of Arellano-Bond m1 and m2. The estimator is consistent when the significance value of m1 ≤ 0.05 and the significance value of m2 > 0.05.

This study employs a robustness test, incorporating a reputation measurement based on market capitalization. Market capitalization can indicate how investors react to a company based on the quality of its published SR, thereby reflecting the company's reputation. Models 3 and 4 present the robustness test model.

Model 3:

$$RP(c)it = \beta_0 + \beta_1 Rp(c)it + \beta_2 SRQit + \lambda_i + \varepsilon_i, \quad (3)$$

Model 4:

$$RP(c)it = \beta_0 + \beta_1 Rp(c)it - 1 + \beta_2 SRQit + \beta_3 PCit + \beta_4 MCit + \beta_5 SRQit * PCit + \beta_6 SRQit * MCit + \lambda_i + \varepsilon_i \quad (4)$$

where:

Rp(c) – reputation with market capitalization,

SRQ – sustainability reporting quality,

PC – political connections,

MC – military connections,

$\lambda_i \varepsilon_i$ – error.

Results of the Research

The description of the research variables is illustrated in Table 2 and Figure 1 below.

Table 2. Description of the variables Research

Variable	Average Score	Std. deviation	Minimum Values	Maximum Value
Sustainability Reporting Quality (SRQ)	0.1477	0.0576	0.0221	0.4158
Political Connection (PC)	0.1752	0.1779	0	0.8900
Military Connection (MC)	0.0262	0.0502	0	0.2727
Reputation (market capitalization/ Rpc)	30.4414	1.6880	25.0270	34.9520
Reputation (Corporate image index/Rpi)	1.3229	0.7447	0.0270	4.0970
Observation	389			

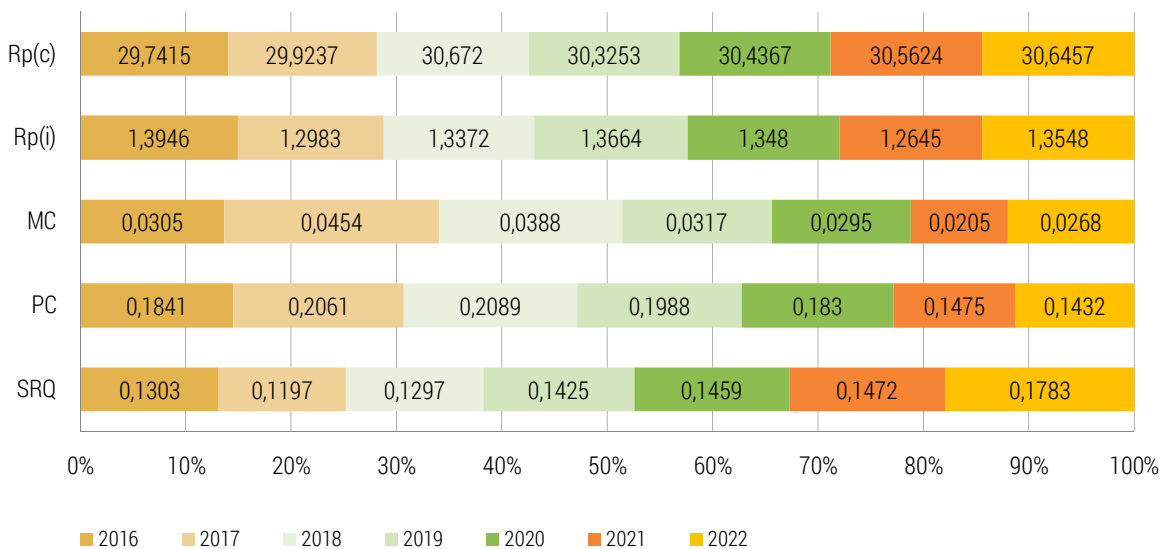


Figure 1. Trend of Research Variables

Based on Table 2, the average value of the company’s SR quality index on the IDX for the 2016-2022 period is 0.1477 from the maximum index value of 1. This means that the quality of SR published by companies on the IDX for the 2016-2022 period is still quite low. Figure 1 illustrates that the quality of SR of companies on the IDX decreased in 2017 compared to 2016, namely the SRQ index decreased from 0.1303 to 0.1197. The trend of improving SR quality occurred from 2018 to 2022. The increase in the SRQ index in 2018 with the SRQ index value of 0.1297 increased from the 2017 index of 0.1197. The index in 2019 was 0.1425, an increase from the index in 2018. The SRQ Index increased continuously in 2020, 2021, and 2022 with index averages of 0.1459 in 2020, 0.1472 in 2021 and 0.1783 in 2022, respectively. This gives an overview that companies on the IDX are increasingly aware of continuing to improve the quality of published SRs.

The average value of political connections is 0.1752, which means that 17.52 percent of companies on the IDX for the 2016–2022 period have a board of commissioners and directors who have political connections in accordance with the provisions of this study. The lowest score of 0 indicates that many companies have boards of directors and commissioners that are not politically affiliated. The downward trend in the percentage of the board of commissioners and directors affiliated with politics in companies on the IDX occurred in the 2018–2022 period. The trend of increasing the percentage of political connections on the board of commissioners and directors only occurred in the 2016–2018 period.

The average value of the company's military connections on the IDX for the 2016–2022 period is 0.0262, which means that 2.62 percent of the board of commissioners and directors have military backgrounds, both from the police and the TNI. The minimum value of 0 means that there are many companies on the IDX for the 2016–2022 period whose boards of commissioners and directors have non-military backgrounds. The maximum value is 0.2727, which means that 27.27 percent of the board of commissioners and directors have a military background. In the 2017–2021 period, there was a downward trend in the percentage of the Board of Directors and Commissioners who came from military backgrounds, from 4.5 percent in 2017 to 3.88 percent in 2018, decreased again to 3.17 percent in 2019, decreased to 2.95 percent in 2020, and again decreased to 2.05 percent in 2021. In 2016, the trend of increasing the percentage of the board of directors and commissioners who come from military backgrounds occurred by 3.05 percent and increased to 4.54 percent in 2017.

The average reputation value, measured by market capitalisation, is 30.4414. The lowest market capitalisation value is 25.0270 (Ln of market capitalisation), and the highest is 34.9520 (Ln of market capitalisation). The reputation trend measured by market capitalisation for the 2016–2022 period is quite stable in the range of 29.74 to 30.64 (Ln market capitalisation). The corporate image index, measuring reputation, also showed a stable trend from 2016 to 2022, ranging from 1.26 to 1.39.

The results of this research analysis are included in Table 3 below.

Table 3. Results of research analysis

	(Model 1)	(Model 2)	(Model 3)	(Model 4)
	Rpi	Rpi	Rpc	Rpc
SRQ	1.657*	0.258	4.044*	3.329
	-2.56	-0.33	-1.98	-1.53
L1. Rpi	-0.0822	0.359		
	(-0.47)	-1.79		
L1. Rpc		0.0642		
		0.0903		
			-0.59	-0.61
PC		-0.41		-0.629
		(-0.60)		(-0.35)
MC		2.119*		11.09*
		-2.04		-2.49
SRQ-PC		0.622*		1.227*
		-2.52		-2.00
SRQ-MC		-4.235		-11.43*
		(-3.58)		(-2.15)
_Cons	1.232***	0.886*	27.87***	27.03***
	-5.81	-2.45	-8.52	-6.09

t statistics in parentheses.

* $p < 0.05$, ** $p < 0.01$, $p < 0.001$.

The first hypothesis states that sustainability reporting quality (SRQ) has a positive effect on the company's reputation. The study views reputation through the lens of the corporate image index. Based on the results of model 1 analysis in Table 3, it appears that the statistical *z*-value of the SRQ variable is 2.56 with a *p* value of 0.011 < 0.05, indicating that sustainability reporting quality has a positive effect on reputation. This indicates the acceptance of the hypothesis.

The second hypothesis posits that political connections (PCs) strengthen the influence of sustainability reporting quality on reputation. According to the results of model 2 analysis in Table 3, the statistical *z*-value of SRQ's interaction with PC is 2.52 with a *p* value of 0.012 < 0.05, which means that

political connections strengthen the influence of sustainability reporting quality on reputation. This indicates the acceptance of the hypothesis.

The third hypothesis states that military connections (MC) strengthen the influence of sustainability reporting quality on reputation. According to Table 3, the statistical z-value of SRQ's interaction with KM is -3.58, and the p value is 0.000, which is less than 0.05. This means that military ties make the effect of good sustainability reporting on reputation weaker. Therefore, we reject hypothesis 3.

This robustness test is carried out by measuring reputation instead of using market capitalisation. Table 3 in model 3 shows that reputation measured from the perspective of market capitalisation has a statistical z-value of 1.98 with a p value of $0.047 < 0.05$, which means that sustainability reporting quality has a positive effect on reputation. Model 4 shows that the statistical z-value of SRQ's interaction with PC is 2.00 with a p value of $0.046 < 0.05$, which means that political connections strengthen the influence of sustainability reporting quality on the company's reputation. Model 4 in Table 3 has a z-value of -2.15 for SRQ's interaction with MC and a p value of 0.031, which is less than 0.05. This means that military ties make the effect of good sustainability reporting on reputation weaker. Based on the robustness test results, the study reveals a similar relationship between reputation, as measured by the corporate image index and market capitalisation, leading to the creation of research models 1 and 2.

Discussion

The results of the study show that sustainability reporting quality (SRQ) has a positive effect on the company's reputation. These results indicate that SR quality is an important thing that stakeholders consider in assessing reputation. Stakeholders will view the company's quality SR positively, attributing legitimacy to its commitment and accountability, as evidenced by the corporate image index's value. The recognition or legitimacy obtained by the company is crucial in contributing to creating the company's reputation (Alon & Vidovic, 2015). By reporting on the company's activities, including SR, stakeholders can serve as indicators to gauge the company's level of credibility, trust, responsibility, and reliability, thereby enhancing its reputation (Barroso-Méndez et al., 2024; Morgan & Jeffrey, 2000). The results of this study align with the legitimacy theory, which posits that a company's efforts to gain legitimacy from stakeholders in an attempt to create value and establish a reputation are reflected in the quality of its SR. The results of this study align with the findings of previous research (Abideen & Fuling, 2024; Gomez-Trujillo et al., 2020; Irfan et al., 2018; Sridhar, 2012), which demonstrated that publishing high-quality SR can effectively communicate a company's commitment to economic, environmental, and social dimensions, thereby enhancing its reputation.

The results of research related to political connections show that political connections strengthen the influence of sustainability reporting quality on the company's reputation. The results of this study indicate that the board of commissioners and directors affiliated with politics are able to increase the influence of SR quality on the company's reputation. According to the descriptive statistical picture, an average of 17.53 percent of Indonesian companies' board of commissioners and directors have a background in or are affiliated with politics. The existence of political connections can allow companies to avoid stakeholder pressure related to potential legitimacy threats stemming from poor CSR performance. This certainly has a positive effect on the company in terms of maintaining its reputation (Muttakin et al., 2018). Research of Maaloul et al. (2018) shows that political connections are able to improve the company's performance and value, which means that the company's reputation is positive in the stakeholders. This result can be explained, on the one hand, by the benefits and ease that companies can derive from political ties and on the other hand, by the tendency of investors to invest in connected companies for profit. The results of this study are in accordance with the upper echelons theory, which states that the outcome of a company is influenced by the characteristics of its leadership (Hambrick & Mason, 1986). The characteristics of the leaders in this study are seen from the perspective of the background of the board of commissioners and directors of companies affiliated with politics to be able to strengthen the company's reputation.

Research on military connections reveals that having a military background on the board of commissioners and directors of Indonesian companies can negatively impact the company's legitimacy, leading to a decline in its reputation. The negative view or stigma of stakeholders towards the back-

ground of the board of commissioners and directors who come from the military because the military causes the company's reputation to decline is caused by several assumptions from stakeholders, namely: First, for the board of commissioners and directors with a military background, it is possible that the company in question can be viewed from the side as a company that has quite dangerous activities or practices that have high risks. So to be able to guarantee or secure the company's assets, the involvement of the military as part of the company can provide a sense of security. Second, the presence of commissioners and directors with military backgrounds raises concerns among stakeholders about the company's potential for collaboration. Furthermore, the inclusion of military personnel in the composition of the board of commissioners and directors may suggest that the company is engaged in activities that the public is unaware of, potentially causing negative perceptions or concerns among stakeholders and potentially harming the company's reputation.

Companies with a military-trained board of commissioners and directors fall into the high-profile category, demonstrating a high level of sensitivity to public response due to the impact of their production process activities on the community. These industries include mining, agribusiness, chemicals, and food. This tends to raise concerns and doubts among stakeholders regarding the company's commitment to environmental and social responsibility, potentially harming its reputation.

The composition of the research sample illustrates this, with 26 out of 111 companies having a board of commissioners and directors with a military background. High-profile companies dominate the percentage of the board of commissioners and directors with the most military background, with the mining sector accounting for 27.7 percent, followed by the infrastructure sector at 16.6 percent, the chemical and pharmaceutical sector at 10 percent, the agribusiness sector at 27 percent, and the industrial sector at 12 percent.

The results of this study contradict the findings of research [40], which suggests that a company with good SR quality can enhance its reputation. Additionally, the presence of a board of commissioners and directors with a military background, who possess high integrity, loyalty, and leadership, has been shown to positively impact the company's reputation. Research of Nasih et al. (2019) the army and navy, with their military career titles and origins, play a significant role in strengthening the company's commitment to social, environmental, and economic responsibility, thereby enhancing its reputation. Research of Luo et al. (2017) the fact that the company's leaders have a military background and strong ethics gained from military service experience can increase the influence of SR disclosure on reputation.

In the robustness test, market capitalisation is used to measure a company's reputation. The analysis results align with the main model test of this research, which measures reputation using the corporate image index. Stakeholders assess a company's reputation based on their perceptions, which are reflected in the value of the corporate image index. They also assess the company's stock market response, which is reflected in the market capitalisation, based on the sustainability reporting quality published by the company. Sustainability reporting quality forms a company's reputation, as measured by the corporate image index and market capitalisation. Based on the main model test and robustness test, political connections have the potential to enhance the impact of sustainability reporting quality on a company's image. Meanwhile, military connections actually weaken the influence of sustainability reporting quality on the company's reputation.

Conclusion

This study examines the company's reputation from two distinct perspectives: the perception or assessment of stakeholders, which is reflected in the corporate image index, and the market capitalisation, which is determined by the market's reaction to the company's stock price. The research results from these two measuring tools consistently show that the quality of SR can enhance the company's reputation from both the market capitalisation and corporate image index perspectives. This aligns with the new legitimacy and institutional theory, which posits that a company's primary objective is to gain legitimacy from its stakeholders.

The moderation variable of political connections can improve the quality of SR on reputation, market capitalisation, and corporate image index. This aligns with the upper echelons theory, which posits that the political affiliations of the board of commissioners and directors can enhance the

company's reputation. Conversely, military connections have the opposite effect, diminishing the impact of sustainability reporting quality on a company's reputation, as measured by both the corporate image index and market capitalisation.

The implication of this research is that management needs to maintain and improve the existence of a board of commissioners and directors affiliated with politics so that it can maximise the creation of the company's reputation. Conversely, the management must carefully consider the presence of a board of commissioners and directors with a military background, as this could potentially damage the company's reputation.

Subsequent research should concentrate on using data collected after the pandemic, as this study utilised data from both before and during the pandemic. This raises concerns that company policies in the social and environmental fields during the pandemic were relatively different, potentially leading to biased results.

Researchers are expected to further develop this research model by distinguishing financial sector companies from non-financial sector companies, as they are closely related to sector differences. They will also be closely related to direct and indirect relationships with environmental impacts, enabling them to provide different results. The researcher proposed that we should approach reputation measurement from a fresh angle, given its previous variations.

The contribution of the authors

Conception, I.D.M.E. and I.P.S.; literature review, I.G.A.M.A.D.P.; acquisition of data, I.D.M.E., I.P.S. and D.A.; analysis and interpretation of data, I.D.M.E, I.P.S. and D.A.

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