

The effect of organizational culture and contingent factors on sustainability reporting with an economic performance approach

Mohammad Khalili^a, Ali Zabih^{a,*}, Khosro Faghani Makarani^b

^aDepartment of Accounting, Sari Branch, Islamic Azad University, Sari, Iran

^bDepartment of Accounting, Semnan Branch, Islamic Azad University, Semnan, Iran

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Abstract

Corporate sustainability information is disclosed to increase transparency, promote brand value, good reputation and legitimacy, optimal mining ability against competitors, motivate employees, and support control and information processes. Therefore, the aim is to study the effect of organizational culture and contingent factors on sustainability reporting with an economic performance approach. The current research is applied in terms of purpose and descriptive survey in terms of its nature. The statistical population of the present study includes all the companies accepted in the Tehran Stock Exchange, which was calculated by the statistical formula of the sample size of 53 people. Data collection tools include a checklist with a scale of zero and one to measure sustainability reporting indicators and a closed-answer questionnaire on a Likert scale to measure indicators of organizational culture and contingent factors. Descriptive and inferential statistics (correlation test and linear regression) were used for data analysis. The results show that the components of organizational culture (attention to details, attention to results, and attention to organization members) and contingent factors (people) are suitable models for influencing and explaining sustainability reporting with an economic performance approach in Tehran Stock Exchange companies.

Keywords: organizational culture, contingent factors, sustainability reporting
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1 Introduction

Among the consequences of industrial growth and development is the connection of the economy with social ethics and politics and the mutual influence of economic issues and social values on each other. Therefore, many companies no longer consider increasing profitability as their only organizational goal, and besides that, they pay attention to environmental and social issues, quality of goods and services, and customer satisfaction [11]. This issue is part of the strategic goals of many business organizations, so since 2018, in line with the sustainability reporting goals of business organizations, they have been trying to regulate their organizational performance in line with the standards

*Corresponding author

Email addresses: mohammad339@gmail.com (Mohammad Khalili), azabih195@yahoo.com (Ali Zabih), kh.faghani1342@gmail.com (Khosro Faghani Makarani)

defined by sustainability reporting [1]. Sustainability reporting is the reporting method of an organization with general purposes about economic, environmental, or social impacts, and therefore the contribution - positive or negative - of that organization towards the goal of sustainable development [3]. Through this process, an organization identifies its significant impacts on the economy, environment, or society and discloses them by the standard that is accepted all over the world [4]. GRI standards create a common language for organizations and stakeholders, with which the economic, environmental, and social impacts of organizations can be expressed and understood. The standards are designed to increase global comparability and the quality of information related to these effects, and in this way, they make possible more transparency and accountability of organizations [6]. On the other hand, studies show that no organization exists in a vacuum. Organizations live in the environment and are affected by the environment and influence it. This mutual effect in the organization sector is more related to the organizational culture and people related to it [7]. Organizational culture is a unique pattern of common assumptions, values, and norms that shape socialization activities, language, symbols, and operations of organizations [9]. Studies show that the effect of organizational culture in maintaining the health of the organization takes place through the creation of coordination and cooperation teams between different departments, which ultimately leads to continuous quality improvement [10]. On the other hand, organizations face various conditions to achieve organizational goals, which makes decision-making difficult. For this reason, traditional management theorists tried to identify the best way for managers to work in different situations [8]. The evolution of such a view formed the contingency theory. The basis of the contingent attitude, which is also called the situational attitude, is based on the fact that there is no one management model for all situations as the best way. The manager must determine what method, in what specific situation, under what specific conditions, and at what specific time provides the best basis for achieving management goals. In this way, the manager takes advantage of the findings in classical, neoclassical, and systematic theories and makes the appropriate decision in each case according to the conditions of the time and the situation in which he is located. In other words, a contingency attitude requires the development of perceptive skills, the manager must know a situation, understand it, and before making a decision, find the appropriate attitude or situation and apply it [13]. Considering that the economic performance of the organization can be influenced by organizational variables such as organizational culture and contingent factors, it is appropriate to answer the question of whether the components of organizational culture and contingent factors are a suitable model for influencing and explaining reporting. Is sustainability with an economic performance approach in Tehran Stock Exchange companies?

2 Research methodology

The current research is applied in terms of purpose. This means that one of the sustainability reporting standards (GRI) emphasizes the criteria for optimizing economic performance by organizations, and they are required to comply with those standards from 2018. Therefore, the findings of the current research can be used by the Global Sustainability Standards Board (GSSB), the Tehran Stock Exchange Organization, and other companies in the stock market. On the other hand, the present study is a correlational descriptive method in terms of its nature. This means that the influence of independent variables (organizational culture and contingent factors) on the dependent variable (sustainability reporting - economic performance) is investigated. The statistical population of the current research includes 631 companies accepted in the Tehran Stock Exchange, whose sample size was determined based on the statistical formula of 53 companies. These companies were selected by systematic random sampling and questionnaires of organizational culture and contingent factors and sustainability reporting (GRI 201) were distributed among the experts in the field of sustainability reporting. Then the data was collected and analyzed through descriptive statistics and inferential statistics (Pearson's correlation test and regression test combined with Inter method).

3 Results

Before testing the relationships between the variables, it is necessary to check the normality of the variables. One of the methods of checking the normality of variable distribution claims to use the Kolmogorov-Smirnov test, whose formula is given below, and the results of which indicate the normality of the data.

$$D_n = \sup_x |\hat{F}_n(x) - F(x)|. \quad (3.1)$$

Organizational culture has 7 components including (1) innovation and risk-taking component (2) attention to details component (3) attention component to leaders (4) attention component to organization members (5) team attention component (6) ambition component (7) sustainability component of these, the components of attention to

details, attention to organization members, attention to the team, ambition, and sustainability have an effect on sustainability reporting with the economic performance approach of GRI 201. Table 1 shows the effect of research variables.

Table 1: The effect of organizational culture components on sustainability reporting with GRI201 economic performance approach

Row	Variable name	Result	Meaningful level	Error level
1	Innovation and risk taking	It does not have an effect	0.293	0.05
2	Attention to detail	It has an effect	0.005	0.01
3	Pay attention to the instructions	It does not have an effect	0.85	0.05
4	Attention to the members of the organization	It has an effect	0.014	0.05
5	Pay attention to the team	It has an effect	0.012	0.05
6	Ambition	It has an effect	0.016	0.05
7	Sustainability	It has an effect	0.001	0.05

Contingent factors include (1) requirements of the external environment (economic factors, political/legal factors, and social/cultural factors) (2) technology (3) people. Among the variables of external requirements: political/legal factors and social/cultural and technological factors and people have an effect on sustainability reporting with the GRI201 approach in listed companies. Table 2 shows the effect of research variables:

Table 2: The effect of contingency factors on sustainability reporting with GRI201 economic performance approach

Row	Variable name	Result	Meaningful level	Error level
1	External requirements: economic factors	It does not have an effect	0.07	0.05
2	External requirements: political/legal factors	It has an effect	0.016	0.05
3	External requirements: social/cultural factors	It has an effect	0.019	0.05
4	Technology	It has an effect	0.001	0.05
5	Persons	It has an effect	0.000	0.05

In order to know that the components of organizational culture and contingent factors are the appropriate model for explaining sustainability/economic performance reporting in listed companies, linear regression was used. The form of the simple linear regression model is as follows:

$$Y = \beta_0 + \beta_1 X + \epsilon. \quad (3.2)$$

As you can see, this relationship is the equation of a line with the error term or ϵ added to it. The parameters of this linear model are the width from the origin (β_0) and the slope of the line (β_1). The slope of the line in simple linear regression shows how sensitive the dependent variable is to the independent variable. In this regard, first, the correlation and coefficient of determination were calculated. Based on this, correlation ($R = 0.718$) and coefficient of determination ($R \text{ Square} = 0.515$) were determined, which shows that the independent variables explain more than 51% of the information of the dependent variable. On the other hand, according to the significant level in the ANOVA test, which is smaller than the five percent error level ($\text{sig} = 0.001$), it can be concluded that there is a linear regression relationship between the variables. It is also the basis for deciding whether to stay or leave the model of significance level (Sig). So, a significance level of less than 0.05 indicates that the variable remains in the model. According to the above test, among the variables of organizational culture components: 1) Attention to details (($\text{sig}=0.003$)), 2) Attention to results (($\text{sig}=0.012$)) 3) Attention to organization members ($\text{sig} = 0.039$) and the variables of contingent factors (people) ($\text{sig} = 0.018$) whose significance level is less than 0.05 remain in the model, and the model is suitable for explaining sustainability/economic performance reporting. In listed companies, it is as follows.

$$y = 0.839x_1 - 0.722x_2 + 0.398x_3 + 0.625x_4. \quad (3.3)$$

4 Conclusion

The meaning of organizational culture is a system of common inferences that members have about an organization, and this feature separates two organizations from each other. A system, which its members have a shared understanding of, consists of a set of core characteristics that the organization values or values. It seems that 7 characteristics represent the essence of organizational culture. These characteristics include innovation and risk-taking, attention to detail, attention to results, Attention to organization members, attention to the team, ambition, and sustainability. On the other hand, organizations face various conditions to achieve organizational goals, which makes decision-making difficult. For this reason, traditional management theorists tried to identify the best way for managers to work

in different situations. The evolution of such a view formed contingency theory [5]. The basis of the contingency approach, which is also called the situational approach, is based on the fact that there is no one management model for all situations as the best way. The manager must determine what method, in what specific situation, under what specific conditions, and at what specific time provides the best context for achieving management goals. In this way, the manager takes advantage of the findings in classical, neoclassical, and systemic theories and makes the appropriate decision in each case according to the time and situation. In other words, contingent attitude requires the development of perceptive skills, the manager must know a situation, understand it and find the appropriate attitude or situation and apply it before making a decision [2]. The findings show that of the seven components of organizational culture including innovation and risk-taking, attention to details, attention to leaders, attention to organization members, attention to the team, ambition, and sustainability, only components 1) attention to details 2) Paying attention to the results 3) Paying attention to the members of the organization as well as contingent factors, including factors related to the external environment, technology, and people, the only factor of people entered the regression model, which shows the relationship of these components with sustainability reporting (economic performance). It can be said that listed companies move towards the sustainability of the organization by paying attention to the details of work processes, especially those economic variables that increase the level of performance and profitability of the company. Also, while emphasizing the results and achievements and providing the necessary feedback to the employees, they have provided the achievement of the organization's goals [12]. On the other hand, listed companies pay attention to the capabilities and talents of employees for more freedom of action in the ways of doing work, to increase the level of their organizational stability in this way [14]. Therefore, it can be concluded that some of the components of organizational culture and contingent factors affect sustainability reporting (economic performance) in listed companies. And made the following suggestions: It is suggested that the management of listed companies draw the attention of their employees to the details of GRI standards and analyze them carefully when presenting sustainability reporting. It is suggested that the management of listed companies encourage their employees to use different methods of work to increase the level of organizational performance.

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