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The Effect Of Corporate Culture On Sustainability Report Quality

Atika Atika[1] and Alex Johanes Simamora[2*]
[1,2]Department of Accounting, Faculty of Economy, Tidar University, Magelang, Indonesia

Email Address:
*atika@untidar.ac.id, alexjohanessimamora@untidar.ac.id**
[*]Corresponding Author

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Abstract: This research aims to examine the effect of corporate culture on sustainability report quality. The total research samples are 68 observations on the index of Sri Kehati. Corporate culture includes cultures of clan, adhocracy, hierarchy, and market. Sustainability report quality is measured by the scoring method. Data analysis uses regression tests. Based on data analysis, low clan culture, high hierarchy culture, and high market culture lead to high sustainability report quality. However, there is no effect of adhocracy culture on sustainability report quality. This research contributes to investigating how far the implementation of POJK no. 51/POJK.03/2017 can lead firms to have high-quality sustainability reports. This research also contributes to providing evidence in emerging countries such as Indonesia.
Keywords: Corporate Culture; Sustainability Report Quality; Index of Sri Kehati; Clan; Adhocracy; Hierarchy; Market.

Abstrak: Penelitian ini bertujuan untuk menguji pengaruh budaya perusahaan terhadap kualitas laporan keberlanjutan. Total sampel penelitian yaitu 68 observasi yang terdaftar di indeks Sri Kehati. Budaya perusahaan diukur dengan budaya klan, budaya adokrasi, budaya hirarki, dan budaya pasar. Kualitas laporan keberlanjutan diukur dengan metode penskoran. Analisis data menggunakan uji regresi. Berdasarkan analisis data, budaya klan yang rendah, budaya hirarki yang tinggi, dan budaya pasar yang tinggi berdampak pada kualitas laporan keberlanjutan yang tinggi. Di sisi lain, budaya adokrasi tidak berpengaruh terhadap kualitas laporan keberlanjutan. Penelitian ini memiliki kontribusi untuk menginvestigasi sejauh mana POJK no. 51/POJK.03/2017 mampu membawa perusahaan untuk memiliki laporan keberlanjutan dengan kualitas tinggi. Penelitian ini juga berkontribusi untuk memberikan bukti dalam konteks negara berkembang seperti Indonesia.
Kata Kunci: Budaya Perusahaan; Kualitas Laporan Keberlanjutan; Indeks Sri Kehati; Klan; Adokrasi; Hirarki; Pasar.

INTRODUCTION

Sustainable business occurs when firms perform suitable economic, social, and environmental activities (Boiral et al., 2019), primarily when economic, social, and environmental activities are implemented with good corporate governance (Bamahros et al., 2022). Sustainable business can be generated if firms' businesses do not damage natural resources and the environment since natural resources and the environment are essential for future generations (Emina, 2021). Business sustainability is currently formulated as the main objective of corporate social responsibility.

Unfortunately, firms are more concerned with short-term economic and profit performance and avoid environmental, natural, and social damages that come from firms' business activities (Ekins & Zenghelis, 2021; Haessler, 2020). Instead of making sustainable businesses, firms that cause social and environmental harm will have more problems with long-term performance in the future. There are some cases of environmental damage by firms in Indonesia. The Indonesian Ministry of Environment and Forestry reported 462 suspected firms of environmental damage until 2018 (Kepala Biro Humas KLHK, 2018). The cases include environmental damages by PT. Freeport Indonesia and PT. Lapindo Brantas (Hidayatulloh et al., 2022). PT Freeport Indonesia generates industrial waste and illegally throws it away to the surrounding environment in Papua. Waste violations by PT Freeport Indonesia led the government to lose USD 12.95 billion (News Desk, 2018). On the other hand, PT Lapindo Brantas harms local society in Sidoarjo, East Java. When oil drilling occurs, PT Lapindo Brantas causes mudflow to local villages (Ekawati & Sulistyowati, 2021).

The Indonesian government regulates *UU no. 40 2007* and *PP no. 47 2012* to regulate the implementation of corporate social responsibilities. Firms must do and report social and environmental responsibilities, although reporting items is voluntary. Some firms report the social and environmental responsibilities in sustainability reports, and others report it in annual reports.

Unstandardised reporting of social and environmental responsibilities was solved by a new regulation in 2017. Indonesian Financial Service Authority (OJK) launches regulation of *POJK no. 51/POJK.03/2017*. The regulation demands firms to provide sustainability reports mandatorily. A sustainability report provides essential information for economic, social, and environmental performance. Compared to the annual report, a sustainability report can provide information with standardised content, quality, quantity, and measurement (Myšková & Hájek, 2018).

The importance of sustainability reports leads to the concern of the information quality in the sustainability report. When firms provide high-quality sustainability reports, they will get more benefits. When high-quality information in the sustainability report occurs, it can reduce information asymmetry (Grassmann et al., 2022), improve accountability (Ridzal, 2020), achieve stakeholders' trust (Henriques et al., 2022), make high firms' values (Amaliyah, 2021), open more investment opportunity (Putra & Damayanthi, 2019), and improve funding accesses from investors (Ellili, 2022) and creditors (Bacha et al., 2021). The studies about sustainability reports in emerging countries are concerned more with profitability, information quantity, and global reporting standards (García-Sánchez et al., 2019). A few studies in emerging countries still examine sustainability report quality (Moses et al., 2020). The main objective of this research is to examine sustainability report quality in emerging countries such as Indonesia.

Since the existence of a sustainability report is essential, higher-quality information that is currently provided needs improvements. Although the Financial Service Authority Regulation No. 51/POJK.03/2017 led to the sustainability report becoming mandatory; the regulation must have the reporting standard or quality control to ensure the sustainability report's quality. Since reporting standards and quality control help to maintain reporting quality (Benkraiem et al., 2022; Pobrić, 2022; Sumito et al., 2021), the absence of reporting standards or quality control to ensure the sustainability report quality makes the regulation only guarantee the reporting existence but not for the reporting quality. In this case, examining sustainability report quality in Indonesia is essential.

The reporting process determines firms' reporting quality. Implementing organisational values, standards, and systems can define the reporting process. Organisational values, standards, and systems capture corporate culture. Corporate culture is an important issue, especially in reporting quality, since most problems of reporting misconduct come from implementing corporate culture (Liu et al., 2023). Survey of Strategy (2021) shows that most businesses agree that corporate culture improves accountability globally. In addition, in business sustainability, Strategy & (2021) reports that 64 per cent of firms globally perceive that corporate culture supports environmental issues. In this case, this research investigates the role of corporate culture in determining sustainability report quality.

Corporate culture refers to values guiding individuals to do their firm jobs (Bhandari et al., 2022). (Gong et al., 2022) suggest a competing value framework to capture corporate culture. The framework explains whether firms focus more on one of the features of the internal environment, external parties, flexibility, individuality, stability, and control. (Aichouche et al., 2022) and (Zeb et al., 2021) explain corporate culture into four cultural groups: clan, adhocracy, market, and hierarchy.

Clan culture makes firms focus more on maintaining the internal environment and human resources. Firms' attention to internal conditions leads to less awareness of external reporting quality (Bhandari et al., 2022), especially the quality of sustainability reports that are important to external parties to evaluate firms' social and environmental performances. Adhocracy culture makes firms more concerned about their position in the external environment by implementing high flexibility and individuality. High flexibility leads to an adhocracy culture that provides risk-taking behaviour and reduces reporting quality, including sustainability report quality (Bhandari et al., 2022). Market culture makes firms focus more on their position in the external environment by implementing high stability and control. In this case, the high stability and control of the market culture leads firms to have high-quality reporting (Bhandari et al., 2022), including sustainability report quality. Hierarchy culture makes firms more in the internal environment by implementing high stability and control. In this case, the high stability and control of the hierarchy culture leads firms to have high-quality reporting (Bhandari et al., 2022), including sustainability report quality.

This research examines firms listed on the Sri Kehati index. The Index of Sri Kehati is the index that evaluates the top 25 Indonesian Stock Exchange firms with excellent financial performance, social and environmental responsibility, governance system, and no business controversy (Yayasan KEHATI, 2020). This research considers the index of Sri Kehati based on previous studies that find firms with excellent environmental, social, and governance performance tend to provide high-quality sustainability disclosure (Arvidsson & Dumay, 2022; Imperiale et al., 2023; Sebrina et al., 2023). This research evaluates how the role of corporate culture determines sustainability report quality in the firms listed on the Sri Kehati index.

This research examines corporate culture's effect on sustainability report quality. This research contributes to investigating how far the implementation of POJK no. 51/POJK.03/2017 can lead firms to have high-quality sustainability reports. This research also contributes to improving previous studies. Previous studies in emerging countries tend to examine sustainability reports more on profitability, content quantity, and international standard implementation (García-Sánchez et al., 2019). A few sustainability report studies still focus on the information quality in emerging countries (Moses et al., 2020). This research examines sustainability report quality in emerging countries such as Indonesia.

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THEORETICAL REVIEW

This research uses stakeholder theory as grand theory. Stakeholder theory captures the relationship between firms and stakeholders and how firms should value their stakeholders (Freeman et al., 2021). Furthermore, stakeholder theory is the concept that can put sustainability reports as value creation for stakeholders (Bridoux & Stoelhorst, 2022; Hörisch et al., 2020). Details can be seen in a subsection of "Stakeholder Theory".

Stakeholder Theory. There are four levels of how to see stakeholder theory from broad to narrow perspectives (Freeman et al., 2021; Mahajan et al., 2023). First, stakeholder theory is a descriptive concept that provides the relationship between firms and stakeholders with values (Freeman et al., 2021). Second, stakeholder theory is instrumental in capturing stakeholders' role in giving value to firms' performance (Freeman et al., 2021). Third, stakeholder theory is a normative concept where firms have to give value to stakeholders who give value to the firms (Freeman et al., 2021). Fourth, stakeholder theory is a managerial concept where firms must formulate strategies for giving value to the stakeholders (Freeman et al., 2021). In firms' reporting, reporting quality can be considered a value for stakeholders (Hörisch et al., 2020; Vitolla et al., 2019). Furthermore, the sustainability report quality is the value firms can give stakeholders (Vitolla et al., 2019). The role of stakeholder theory in capturing sustainability report quality can be seen in **Figure 1**.

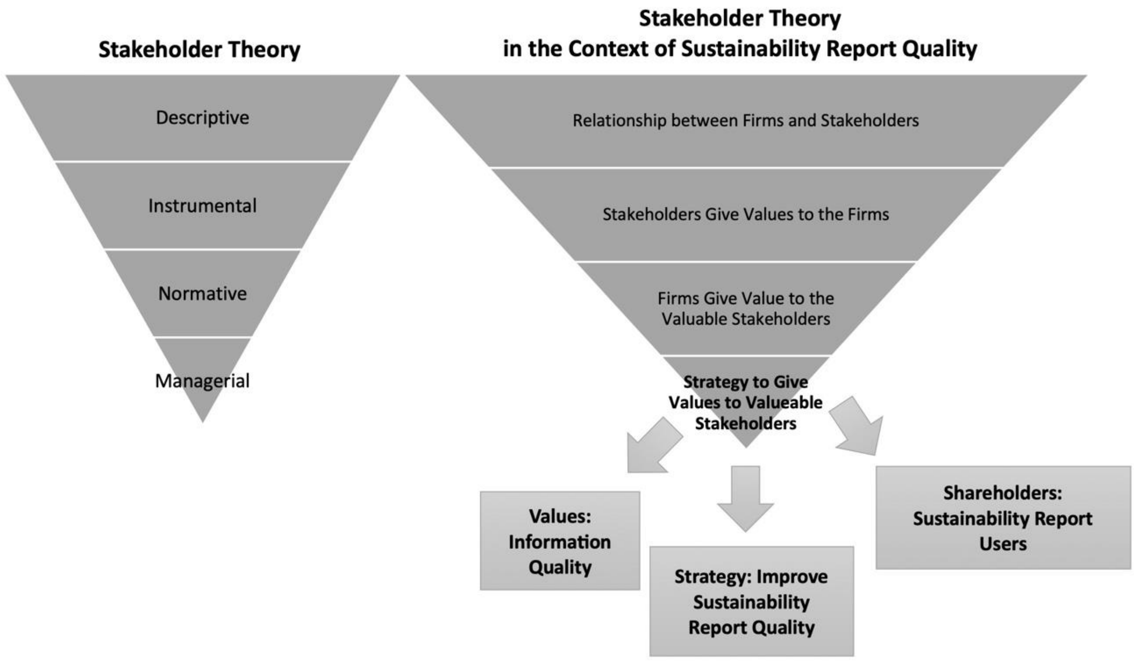

Figure 1. Stakeholder Theory in the Context of Sustainability Report Quality
Source: (Elaboration of Vitolla et al., 2019), (Horisch et al., 2020), (Bridoux & Stoelhorst, 2022), (Freeman et al., 2021), and (Mahajan et al., 2023)

Figure 1 shows that stakeholder theory at a descriptive level captures the relationship between firms and stakeholders. Stakeholder theory, at an instrumental level, captures who the valuable stakeholders are. Stakeholder theory, at a normative level, captures the needs of firms to give value to valuable shareholders. Stakeholder theory at a managerial level captures the firm's Strategy to give value to valuable shareholders. At the managerial level, firms can give the value of information quality to shareholders. Firms use Strategy to improve sustainability report quality, especially for sustainability report users, to give value to shareholders.

Stakeholder theory is a theory that explains the firms' motivation in sustainability reporting. (Freeman et al., 2021) explain stakeholder theory to capture stakeholder position in firms' business activities. Stakeholder includes formal and informal individuals, groups, and organisation that get the impacts of firms' business (Serna et al., 2022). Stakeholder theory focuses on fulfilling stakeholder's interests and expectations (Mahajan et al., 2023). (Marjamaa et al., 2021) argue that firms' business activities are not only done to fulfil firms' interests but also to benefit stakeholders. Firms must contribute to stakeholders since stakeholders can also support the business activities (Erin et al., 2022). Stakeholder theory helps organisations to invite their stakeholders, proposes the ability to know and manage stakeholders' interests, provides a general framework to capture stakeholders' interests in the decision-making process, and optimises value added in the long term (Mahajan et al., 2023).

Stakeholders' interests and expectations are to get information on social and environmental responsibilities in the sustainability report (Horisch et al., 2020). Information on sustainability reports is vital for stakeholders to make a decision. The higher the information quality in the sustainability report, the more accurate stakeholders will make a decision. In this case, stakeholder interest fulfilment motivates firms to provide high-quality sustainability reports (Vitolla et al., 2019; Horisch et al., 2020).

Sustainability Report. A sustainability report is a report that contains systematic information about firms' performance in economic, social, and environmental aspects (Simoni et al., 2020). As a commitment to transparency, firms provide sustainability reports for investors and other stakeholders (Traxler et al., 2020).

(Traxler et al., 2020) explain the sustainability report's role in the firms. First, the sustainability report is a result of the firm's culture. If firms have cultural value in social, environmental, and economic aspects, they tend to make an administration process, including sustainability reporting. Firms provide sustainability reports as an alignment with firms' culture and vision. Second, a sustainability report is a part of strategic planning. Firms have a strategy to communicate with external stakeholders and provide evaluation of social, environmental, and economic performances. In this case, a sustainability report generates information on external stakeholders' social, environmental, and economic performances. Third, sustainability reports play an essential role in collecting data and information for investors. Investors can use data and information about firms' performance to make investment decisions by accessing sustainability reports. Fourth, sustainability report relates to managers' rewards and compensation. Since sustainability reports provide information on social, environmental, and economic performances, they can be used to determine managers' rewards and compensation. Fifth, the sustainability report also relates to administrative control. By providing sustainability reports, firms record information on stakeholder relationships and firms' performance (Traxler et al., 2020).

Sustainability Report Quality. For stakeholders to decide, firms must provide high-quality sustainability reports. Global Reporting Initiative (2016) explains the information included in a high-quality sustainability report, which is a sustainability report that can identify stakeholders correctly (stakeholder inclusiveness), provide firms' performance in the broader context (sustainability context), deliver the impact and consequences of stakeholder's responses and decision making (materiality), and significant limitation to achieve social and environmental performance (completeness). Global Reporting Initiative (2016) also suggests the indicators of sustainability report quality, which are accurate information (accuracy), information on good and bad performance (balance), understandable information (clarity), verifiable measurement (reliability), and timely information (timeliness).

(Al-Shaer (2020) formulates how to measure sustainability report quality in general. Al-Shaer (2020) investigates sustainability reports by implementing governance mechanisms in the reporting process. The governance mechanism includes a sustainability committee, validation from an external non-auditor, and assurance from the external auditor. The existence of a sustainability committee, validation from an external non-auditor, and assurance from an external auditor are expected to strengthen monitoring, controlling, and oversight functions (Al-Shaer, 2020) that lead sustainability reports to have high qualitative characteristics of accuracy, balance, clarity, reliability, and timeliness (Global Reporting Initiative, 2016).

Sustainability Report in Indonesia. Social and environmental issues, including business sustainability in Indonesia, were regulated in 2007 by *UU no. 40 2007* about “Limited Companies”. The regulation of *UU no. 40 2007* was developed by the regulation of *PP no. 47* in 2012 about "Social and Environmental Responsibilities by Limited Companies". *UU no. 40 2007* and *PP no. 47 2012* regulations obligate firms to do and report social and environmental responsibilities, especially for firms with higher environmental and social consequences. *UU no. 40 2007* and *PP no. 47 2012* regulations regulate social and environmental reporting but do not regulate the reporting obligation in the form of sustainability reports.

In 2008, the Indonesian Ministry of Environment and Forestry launched the Assessment of Environmental Performance / *Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup* (*PROPER*) to support social and environmental responsibilities in Indonesia. On the one hand, PROPER assesses the implementation and reporting of environmental responsibilities through PROPER rank. On the other hand, PROPER is not a mandatory program for firms, so the reporting process can only be assessed for firms that participate in PROPER.

In Indonesia, sustainability reporting is regulated by *POJK no. 51/POJK.03/2017*. Although regulation of *POJK no. 51/POJK.03/2017* obligates firms to provide sustainability reports; the regulation does not facilitate how the information content is reported. There is no specific standard to ensure that a sustainability report has the qualitative characteristics of accuracy, balance, clarity, and reliability. The regulation of *POJK no. 51/POJK.03/2017* only regulates the qualitative characteristic of timeliness where firms have to issue sustainability reporting up to 4 months or 120 days after the closing year of the reporting period. In this case, this research uses the measurement by (Al-Shaer, 2020) to investigate sustainability report quality in Indonesia. (Meutia et al., 2022) find that the research on sustainability reports in Indonesia keeps growing every year from 2 studies (2016), six studies (2017), eight studies (2018), and 14 studies (2020). Sebrina et al. (2023) also found that sustainability report quality in Indonesia grew from 2016 to 2019.

Corporate Culture. Corporate culture is defined as a set of values to determine how individuals in the firms will behave (Bhandari et al., 2022). Corporate culture is reflected by employees' mindset and behaviour, especially when employees do their jobs in the firms. Corporate culture leads employees to know their job and how to accomplish it. Corporate culture is persuasive and affects all aspects of the firm's activities (Aichouche et al., 2022; Gong et al., 2022; Zeb et al., 2021). Corporate culture also has an impact on managerial decisions since corporate culture is also a bridge between stakeholders and managers (Aichouche et al., 2022; Zeb et al., 2021), including the policy of sustainability reporting. Aichouche et al., 2022) and (Zeb et al., 2021) explain four types of corporate culture: clan, adhocracy, market, and hierarchy.

The first culture is clan culture. Clan culture focuses on internal aspects, especially employees, and enhances human resource development (Zeb et al., 2021). Clan culture normally occurs more in family entities than in economic ones. Clan culture has indicators of teamwork, employees' development, and firms' commitment to their employees (Aichouche et al., 2022). The core assumption of clan culture is that the environment can be managed well through teamwork and employee development, where managers will give authority to employees to build participation, commitment, and loyalty. The decision-making process comes from discussion involving all the organisation's members. Firms with high clan culture emphasise long-term benefits from human resource development. The effectiveness of clan culture includes employees' cohesiveness, satisfaction, morality, development, and teamwork. Satisfied employees with high commitment can create better working effectiveness. Most clan culture occurs more in finance, insurance, and real estate than manufacturing, mining, construction, and agriculture (Chen et al., 2022; Nase & Arkesteijn, 2018).

The second culture is adhocracy culture. The term "adhocracy" comes from the word "ad hoc", which means to apply something temporarily, precisely, and dynamically (Njagi et al., 2020). Adhocracy culture focuses on creating market opportunities in the future, innovative product expansion, and new technology (Gachagua & Kinyua, 2022; Njagi et al., 2020). The main objective of the adhocracy clan is to develop adjustable capability, flexibility, and creativity in uncertain situations. Adhocracy culture leads individuals to have risk-taking behaviour to achieve optimal creativity. Adhocracy clan occurs more in air transportation, software development, professional consultants, and films since creative and innovative products and services are essential in these sectors (Lindquist & Buttazzoni, 2021; Noone et al., 2022). One project is treated differently and independently of another. For example, depending on the case, a professional consultant gives different treatment from one customer to another. Adhocracy culture can reduce costs that do not support the creation of innovative products, including costs to provide high-quality reporting.

The third culture is market culture. Market culture is a culture that has an orientation to external parties. Market culture focuses more on transactions with suppliers, customers, regulators, and other external parties (Firmansyah et al., 2023). The main objective of market culture is to create competitive advantages in front of external parties. The core assumption of market culture is that the external environment is sceptical of the firms, so firms must improve their competitive advantages and productivity in front of external parties. Competitive advantages and productivity can be achieved by creating a better firm's position in the external environment. Firms' competitive advantages and productivity can be reflected in market penetration and stock price. In this case, firms must satisfy external parties, such as high-quality sustainability reports. A high-quality sustainability report can give accurate information for external parties to make accurate decisions.

The fourth culture is hierarchy culture. Hierarchy culture is a culture that focuses on internal control. Firms with high-hierarchy cultures tend to formulate tight policies and strategies. The critical factor of hierarchy culture is the clarity of authorities in decision-making, standard procedures, regulation, control, and accountability (Cäker et al., 2022; Romme, 2019). Hierarchy culture promotes business effectiveness. Business effectivity includes efficiency, timeliness, and smoothness. Elements of Strategy in hierarchy culture include error detection, measurement improvement, process controlling, and systematic problem-solving. Hierarchy culture is developed by administration specialists who focus on efficient infrastructure creation.

Index of Sri Kehati. The Sri Kehati Index is an index that measures the stock index of 25 firms that support business sustainability, including social, environmental, and corporate governance aspects. The Sri Kehati Index was pioneered by Sustainable and Responsible Investment (SRI) and the Indonesian Biodiversity Foundation (KEHATI) in 2009 and provides alternative investments in company shares that support the principles of business sustainability, including social, environmental, and corporate governance. The Sri Kehati Index is updated twice a year. The Sri Kehati index assessment process is as follows (Yayasan KEHATI, 2020): (1) Assessment of Financial Aspects and Stock Liquidity, (2) Core Business Assessment, and (3) Assessment of Social, Environmental, and Governance Aspects.

In the Assessment of Financial Aspects and Stock Liquidity stage, the Yayasan KEHATI assesses the firms' financial aspects and the liquidity of the firms' shares. The elements assessed are the market capitalisation for the firms' shares, the firm's total assets, the net profit earned by the firms, the number of shares owned by minority shareholders under 5 per cent, which are often traded regularly, and the average trading value of the firms' shares. In the stage of Core Business Assessment, Yayasan KEHATI assesses whether the firm's core business hurts social and environmental aspects. Businesses that are contrary to social and environmental concepts that the Yayasan KEHATI does not permit are businesses operating in the fields of pesticides, nuclear weapons, tobacco, alcohol, pornography, gambling, genetically modified organisms, and coal mining. The scope of environmental assessment is an assessment of sustainable products and innovations, natural resources used by companies, energy use by companies, management of greenhouse gas emissions, and waste management. The scope of the social aspect assessment includes assessment of employee training and development, employment practices, occupational health and safety, product and client liability, and social environmental impacts. Governance assessment includes assessment of the protection of shareholder rights, competency and role of the board of commissioners and board of directors, quality and disclosure of information, business ethics, and sustainable management practices.

(Nutriastuti & Annisa, 2020) suggest that firms with sustainable businesses tend to issue sustainability reports. Sustainable business occurs when firms do business activities to achieve long-term performance by considering the economic, environmental, and social aspects (Ferlito & Faraci, 2022). In this case, if firms have good performance of economic, environmental, and social, then firms tend to communicate exemplary achievements by providing sustainability reports since information about the excellent performance of economic, social, and environmental can benefit firms to reduce conflict between firms and stakeholders (Usman, 2020). (Nutriastuti & Annisa, 2020) and (Usman, 2020) find that higher economic, social, and environmental performance leads firms to provide sustainability reports. External parties can be evaluated to determine whether firms do sustainable business, such as Yasasan Kehati, which provides the stock index of Sri Kehati in Indonesia. Indicators of sustainable business that Yayasan KEHATI uses include the performance of social, environmental, financial, and governance aspects (Yayasan KEHATI, 2020)

This research examines firms listed on the Sri Kehati index. First, firms listed on the Sri Kehati index are considered to support financial, social, and environmental performance aspects to ensure the sustainability of the firm's business. Second, firms listed on the Sri Kehati index are companies with adequate corporate governance, especially in monitoring financial, social, and environmental performance. Third, the corporate governance aspect assessed by firms listed on the Sri Kehati index also includes monitoring the quality and disclosure of information. These considerations explain that firms listed on the Sri Kehati index focus on economic, social, and environmental performance and ensure that these aspects are reported with high-quality information through adequate corporate governance mechanisms. Research on corporate governance mechanisms on the quality of sustainability reports is more relevant for firms listed on the Sri Kehati index. Several previous studies, such as (Jørgensen et al., 2022) and (Bosi et al., 2022), find that effective corporate governance and good social and environmental performance reveal high-quality sustainability reports.

Previous Studies and Hypotheses Development. (Gong et al., 2022), (Zeb et al., 2021), and (Aichouche et al., 2022) suggest that corporate culture is a persuasive aspect that affects how firms' management behave. Firms' management has a responsibility to provide sustainability reports. In this case, corporate culture can lead firms' management to provide high-quality sustainability reports. The research on corporate culture and sustainability reports is still new. However, the progress of 1,000 researchers on corporate culture and sustainability business or reporting quality can be seen **in Figure 2**.

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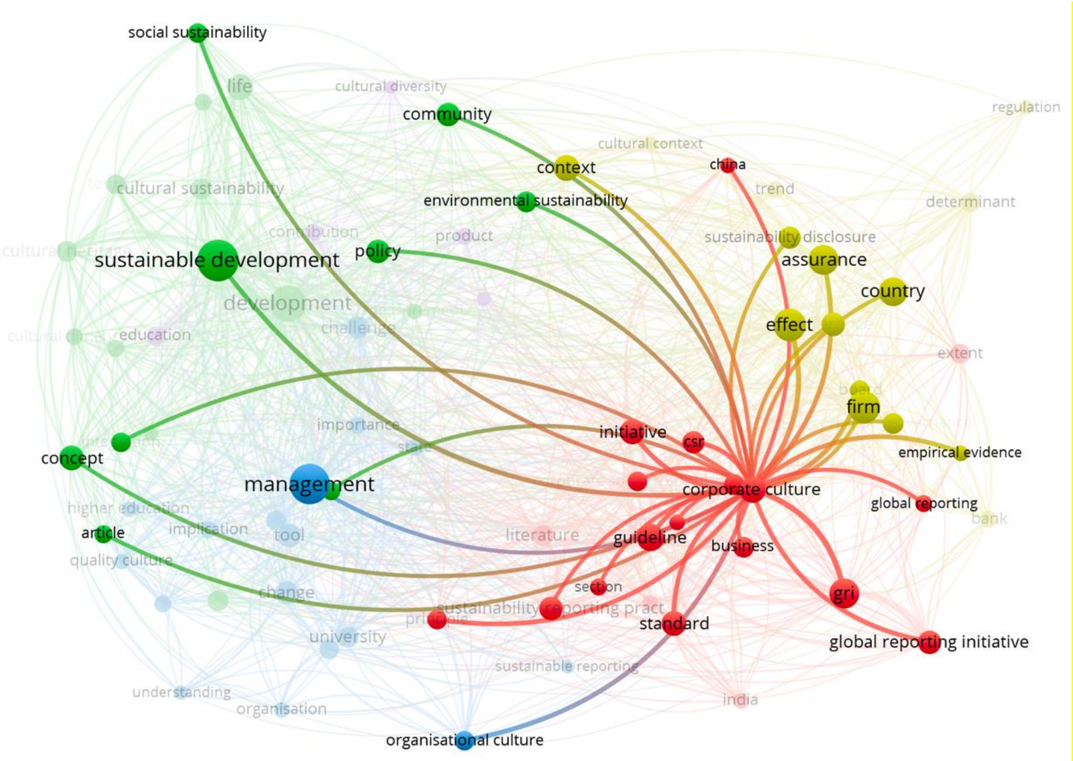

Figure 2. Research on Corporate Culture, Sustainability, and Reporting Quality
Source: output of VOS Viewer

Figure 2 shows, most research on corporate culture is associated with sustainable development, social and environmental issues, reporting standards, global reporting initiatives, and reporting assurance. So far, there needs to be more specific research between corporate culture and sustainability report quality. Previous studies about corporate culture and corporate reporting quality, including sustainability reports, can be seen in **Table 1**.

Table 1. Previous Studies

Researcher	Title	Sample	Result
(Bhandari et al., 2022)	Corporate Culture and Financial Reporting Quality	Firms that are included in the database of Compustat	- Collaboration culture reduces financial report quality. - Competition culture improves financial report quality.
(Saci et al., 2021)	Does corporate culture matter to earnings management? Evidence from Chinese Time-honoured Brand firms	Chinese firms	China's time-honoured brand culture improves the quality of financial reports by reducing earnings management behaviour.
(Adzimah et al., 2020)	Organisational Culture Influences on Corporate Social Responsibility and Sustainable	526 employees of a service industry in Ghana	Corporate culture improves social and environmental responsibilities.

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	Procurement in a Service Sector Industry		
(Kuraesin et al., 2022)	The Influence of Organizational Culture on Financial Report Quality at Jakarta Water Resources Office	Employees in the Jakarta Water Resources Office	Corporate culture improves financial report quality.
(Shwairef et al., 2021)	Organisational Culture, Governance Structure and Sustainability Disclosure Quality: Evidence from Indonesia, Malaysia, Singapore, and Thailand	Firms that are listed on the Indonesian Stock Exchange, Malaysia Stock Exchange, Singapore Stock Exchange, and Thailand Stock Exchange	Corporate culture mediates the effect of corporate governance on sustainability disclosure quality.

Source: Previous studies

Table 1 shows that (Bhandari et al., 2022) find that cultures of clans and markets affect corporate reporting quality. (Saci et al., 2021) also find that corporate culture improves corporate reporting. (Adzimah et al., 2020) find that a culture of sustainability leads firms to improve social and environmental responsibilities. (Kuraesin et al., 2022) find that organisational culture increases financial report quality in Indonesia. (Shwairef et al., 2021) find that corporate culture helps corporate governance mechanisms to improve sustainability disclosure quality in ASEAN countries.

Clan culture occurs when there is teamwork, human resource development, and employee commitment (Zeb et al., 2021). Firms with clan culture promote employees' interests more than external parties. Like family organisations, firms with clan culture have centralised authorities, low formality, and a high tolerance for the ambiguity of structure and procedure. Lower formality and ambiguity in structure and procedure become obstacles to high-quality information disclosure and reporting, including sustainability reporting. High-quality sustainability report comes from fixed guidance, standards, and procedures. In this case, clan culture leads to low sustainability report quality. (Bhandari et al., 2022) find that collaborative culture, as part of clan culture, reduces reporting quality.

H1: Clan culture hurts sustainability report quality.

Adhocracy culture focuses on innovation, market opportunity, and technology development for the future (Gachagua & Kinyua, 2022; Njagi et al., 2020). Adhocracy culture relates to risk-taking behaviour where individuals must take risks to get optimal creativity performance (Noone et al., 2022). Since an adhocracy culture promotes risk-taking behaviour, firms will take risks to build innovation, including the risk of low information quality. Firms tend to take the risk that reported information will be decreased since firms will use the resources to generate innovative products and technology rather than prepare high-quality sustainability reports. There is also the possibility that firms with an adhocracy culture cover up environmental risks in the sustainability report and reduce the sustainability report quality. (Choi & Yoo, 2022) find that firms' innovation and technology can reduce the value of social and environmental responsibilities strategies.

H2: Adhocracy culture hurts sustainability report quality.

Hierarchy culture focuses more on internal control to ensure that firms implement the policy and procedure as the standard. Hierarchy culture promotes strict policy and procedure implementation. Since corporate reporting quality comes from obedience to rules and standards, firms with a hierarchy culture tend to provide high-quality sustainability reports. Firms will follow the qualitative characteristics the Global Reporting Initiative (2016) suggested. (Shwairef et al., 2021) find that hierarchy culture improves the quality of sustainability disclosure.

H3: Hierarchy culture has a positive effect on sustainability report quality.

Firms with market culture have an orientation in the target beating and have interests in the external environment and competition (Firmansyah et al., 2023). Firms with a market culture must achieve a competitive advantage, target fulfilment, and industry leaders (Firmansyah et al., 2023). Market culture leads firms to inform more about firms' performance to the external parties to maintain their industry position. Since firms need external parties to know their performance, they must provide high-quality reported information. In this case, firms with market culture tend to provide high-quality sustainability reports so external parties receive accurate information about firms' economic, environmental, and social performance. (Bhandari et al., 2022) find that competition (an indicator of market culture) improves corporate reporting quality. (Shwairef et al., 2021) also find that market culture improves the quality of sustainability disclosure.

H4: Market culture has a positive effect on sustainability report quality.

Based on the development of the hypotheses and previous findings, four hypotheses are examined in this research. This research provides a framework, as in **Figure 2**, to make it easier to understand.

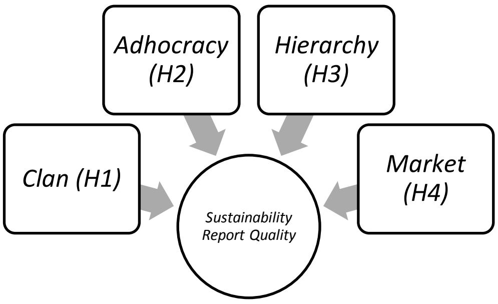

Figure 2. Research Model

METHODS

This research is an empirical study where the examination uses statistical tools. Before running the examination, this research determines the research sample, research variables and their measurements, and data analysis. Data analysis uses regression to examine the hypotheses test.

Research Sample. This research uses a purposive sampling method to determine the research sample. The purposive sampling method refers to the sample selection with specific criteria relevant to the research. First, this research uses listed firms on the *Sri Kehati* index. The index of *Sri Kehati* includes the top 25 firms listed on the Indonesian Stock Exchange with the best business sustainability. The index of *Sri Kehati* evaluates business sustainability by assessing good financial aspects and stock liquidity, core business that has no controversy in society, good social and environmental performance, and exemplary corporate governance implementation (Yayasan KEHATI, 2020). Based on (Sebrina et al., 2023), (Imperiale et al., 2023), and (Arvidsson & Dumay, 2022), firms with sustainable businesses tend to disclose high-quality sustainability disclosure.

Second, this research determines the period of 2020-2022 as the research period. Regulation of *POJK no. 51/POJK.03/2017* obligates the mandatory sustainability reporting implementation to start in 2019 for banking and financial firms and in 2020 for all listed firms on the Indonesian Stock Exchange. In this case, to ensure sustainability report publication is present, this research starts the observation from 2020.

Third, this research uses listed firms on the index of *Sri Kehati* in two periods of evaluation in a row. The index of *Sri Kehati* is evaluated in two periods a year, and each period, there can be a change of listed firms. This research considers two evaluation periods in a row since the sustainability report is published annually. The total research samples are 68 observations, as shown in **Table 2**.

Table 2. Research Sample

Criteria	Year			Total
	2020	2021	2022	
Listed on the index of *Sri Kehati*	25	25	25	75
Does not listed in two periods of evaluation in a row	(2)	(2)	(3)	(7)
Net sample	23	23	22	68

Source: www.idx.co.id

Table 2 shows that the total samples listed on the *Sri Kehati* 2022-2022 index are 75 observations. Seven observations are the samples not listed in two evaluation periods in a row. Net samples are 68 observations.

Research Variables. The dependent variable is sustainability report quality. This research follows the measurement by (Erin et al., 2022) developed by (Al-Shaer, 2020). The measurement of sustainability report quality is based on internal monitoring and control mechanisms in sustainability reporting with a scoring method between a score of 1 and a score of 4. The scoring indicators can be seen in **Table 3** (Erin et al., 2022).

Table 3. Sustainability Report Quality Measurement

Score	Notes
1	Firms publish sustainability reports.
2	Firms publish sustainability reports and have sustainability committees under the board of commissioners. The establishment of a sustainability committee in Indonesia is voluntary. There is no specific regulation that arranges sustainability in the context of a corporation. However, some firms in Indonesia build sustainability committees that monitor sustainability, social, environmental, and regulation aspects. Existed sustainability committees are built as corporate governance, business ethics, CSR, or ESG committees. In the context of this research, the existence of sustainability committees is based on the existence of corporate governance, business ethics, CSR, or ESG committees.

3	Firms publish sustainability reports. In addition, the sustainability report is validated by an external non-auditor. External validation determines that a sustainability report is provided based on reporting standards, for example, the Global Reporting Initiative standard, without giving an audit opinion.
4	Firms publish sustainability reports. In addition, firms use assurance services by auditors. External assurance determines that a sustainability report is provided based on reporting standards, for example, the Global Reporting Initiative standard, and giving audit opinion.

Source: Erin et al. (2022)

Independent variable is corporate culture. Corporate culture includes cultures of clan, adhocracy, hierarchy, and market. Clan culture prioritises the long-term benefits of human resource development (Zeb et al., 2021). In this case, employees' compensation relative to operational expenses can reflect human resource development as a clan culture indicator (Shwairef et al., 2021). Clan culture measurement can be seen in **Equation 1** (Shwairef et al., 2021).

$$Clan = \frac{Employees' compensation}{Operational\ expenses} \quad \ldots\ldots(1)$$

Adhocracy culture relates to risk-taking to beat the target (Noone et al., 2022). The fluctuating operational income can reflect how management tolerates the available risks (Shwairef et al., 2021). Adhocracy culture measurement can be seen in **Equation 2** (Shwairef et al., 2021).

$$Adhocracy = Operational\ income_t - Operational\ income_{t-1} \quad \ldots\ldots(2)$$

Hierarchy culture relates to the clarity of authority, procedure standards, rules, control, and accountability (Cäker et al., 2022; Romme, 2019). Firms with high transactional costs will use the resources based on the hierarchical structure to control the costs. In this case, transactional costs to generate net income can be used to reflect the hierarchy culture (Shwairef et al., 2021). The measurement of hierarchy culture can be seen in **Equation 3** (Shwairef et al., 2021).

$$Hierarchy = \frac{Transactional\ costs}{Net\ income} \quad \ldots\ldots(3)$$

Market culture has an orientation to achieve performance that will be evaluated by external parties (Firmansyah et al., 2023). Performance evaluation by eternal parties includes productivity and profitability. Return on investment can be used to reflect the market culture (Shwairef et al., 2021). Market culture measurement can be seen in **Equation 4** (Shwairef et al., 2021).

$$Market = \frac{Income\ before\ tax\ expenses}{Total\ assets} \quad \ldots\ldots(4)$$

This research also uses control variables. The control variable in this research is the firms' size. (Bhandari et al., 2022) suggest that more prominent firms tend to invite higher awareness from the public. Higher awareness from the public leads more prominent firms to provide high-quality reported information to avoid conflicts of interest with the public.

In this case, the firms' size positively affects sustainability report quality. A firm's size is measured by the logarithm of total assets (Bhandari et al., 2022).

Data Analysis. The hypotheses test is examined by using regression analysis. Before performing regression analysis, this research runs the preliminary test to ensure the regression model is valid. Preliminary tests include normality, heteroscedasticity, autocorrelation, and multicollinearity. The regression model can be seen in Equation 5.

$$SRQ = a + b1CLAN + b2ADHO + b3HIER + b4MARK + b5SIZE + e \quad \text{.............(5)}$$

SRQ is sustainability report quality. CLAN is clan culture. ADHO is an adhocracy culture. HIER is a hierarchy culture. MARK is market culture. SIZE is the firm's size. The hypothesis of H1 is accepted if b1 is negative and significant. The hypothesis of H2 is accepted if b2 is negative and significant. The hypothesis of H3 is accepted if b3 is positive and significant. The hypothesis of H4 is accepted if b4 is positive and significant.

RESULTS

Descriptive Statistics. Descriptive statistics show the variables' characteristics, including minimum, maximum, mean, and standard deviation values. Descriptive statistics can be seen in **Table 4**.

Table 4. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
SRQ	1.000	4.000	2.500	1.409
CLAN	0.001	0.895	0.333	0.195
ADHO	-16,657,769,000,000.000	23,161,655,000,000.000	1,318,645,650,137.986	7,057,088,001,548.976
HIER	-17.427	40.139	1.325	5.739
MRKT	-0.092	0.448	0.084	0.107
SIZE	28.979	35.228	32.236	1.670

Source: Statistical output of SPSS

Table 4 shows that the lowest sustainability report quality (SRQ) is 1.000, where firms only publish sustainability reports without sustainability committees or external validation and assurance. The highest sustainability report quality is 4.000. Here, firms publish sustainability reports and use assurance services by external auditors. On average, each sample has a sustainability report quality of 2.500 with a deviation of 1.409.

The lowest clan culture (CLAN) is 0.001, while the highest is 0.895. On average, each sample has a clan culture of 0.333 with a deviation of 0.195. The lowest adhocracy culture (ADHO) is -16,657,769,000,000.000, while the highest is 23,161,655,000,000.000. Each sample has an adhocracy culture of 1,318,645,650,137.986 with a deviation of 7,057,088,001,548.976. The lowest hierarchy culture (HIER) is -17.427, while the highest is 40.139. On average, each sample has a hierarchy culture of 1.325 with a deviation of 5.739. The lowest market culture (MARK) is -0.092, while the highest is 0.448. Each sample has a market culture of 0.084 with a deviation of 0.107 on average. The smallest firm's size (SIZE is 28.979, while the biggest is 35.228. On average, each sample has a size of 32.236 with a deviation of 1.670.

Preliminary Test. The preliminary test aims to ensure that the regression model is not biased. The preliminary test includes normality (Kolmogorov-Smirnov), heteroscedasticity (Park), autocorrelation (Durbin-Watson), and multicollinearity (VIF) tests. The result of the preliminary test can be seen in **Table 5**.

Table 5. Preliminary Test

Test	Result
Kolmogorov-Smirnov	A significance value of 0.174
Park Test	Significance value more than 0.050
Durbin-Watson	Durbin-Watson value of 1.906
VIF	VIF value less than 10, tolerance value more than 0.100

Source: Statistical output of SPSS

Table 5 shows that the significance value for Kolmogorov-Smirnov test is 0.174 (above 0.050). The result shows that there is no normality problem. The significance value for the Park test is above 0.050. The result shows that there is no heteroskedasticity problem. Durbin-Watson value is 1.906. Based on the Durbin-Watson table, the Durbin-Watson value is between DU and 4-DU. The result shows that there is no autocorrelation problem. The value of VIF is below 10. The value of tolerance is above 0.1. The result shows that there is no multicollinearity problem.

Regression Analysis. This research uses regression analysis to examine the hypotheses test. The result of the regression analysis can be seen in **Table 6.**

Table 6. Regression Analysis

Variable	Coefficient	t-Statistic	Significance
Constant	-13.804		
CLAN	-2.087	-2.833	0.006
ADHO	0.000	0.005	0.996
HIER	0.049	2.147	0.036**
MARK	3.255	2.097	0.040**
SIZE	0.517	5.138	0.000*
F-Statistic (Significance)	11.578 (0.000*)		
R^2	0.483		
*Significant in 0.01, **Significant in 0.05			

Source: Statistical output of SPSS

Table 6 shows that clan culture (CLAN) has a coefficient of -2.087, a t-statistic of -2.833, and a significance value of 0.006 (significant in 0.01). The result indicates that a higher clan culture leads to lower sustainability report quality. It indicates that H1 is accepted where clan culture hurts sustainability report quality.

Adhocracy culture (ADHO) has a coefficient of 0.000, a t-statistic of 0.005, and a significance value of 0.996 (insignificant). The result indicates that higher adhocracy culture does not lead to lower sustainability report quality. It indicates that H2 is rejected where adhocracy culture does not affect sustainability report quality.

Hierarchy culture (HIER) has a coefficient of 0.049, a t-statistic of 2.147, and a significance value of 0.036 (significant in 0.050). The result indicates that a higher hierarchy culture leads to higher sustainability report quality. It indicates that H3 is accepted where hierarchy culture positively affects sustainability report quality.

Market culture (MARK) has a coefficient of 3.255, a t-statistic of 2.097, and a significance value of 0.040 (significant in 0.050). The result indicates that a higher market culture leads to higher sustainability report quality. It indicates that H4 is accepted where market culture positively affects sustainability report quality.

Alternative Analysis. This research runs the alternative analysis. The alternative analysis aims to examine corporate culture on sustainability reports with another alternative analysis and compare whether the alternative result is consistent with the main result. Alternative analysis can also be a robustness test to investigate whether the main result is robust if corporate culture and sustainability report quality are examined in another condition.

Alternative analysis in this research examines the sustainability reporting gap as one of the indicators of sustainability report quality. The sustainability reporting gap relates to the qualitative characteristic of timeliness (Global Reporting Initiative, 2016). A sustainability report has to be published promptly to reduce the reporting gap. The reporting gap refers to the time between the reporting period's end and the report publication date. The smaller the gap, the more the reporting timeliness will be increased.

This research brings the qualitative characteristic of timeliness since the only characteristic regulated in *POJK no. 51/POJK.03/2017* is the timeliness. The regulation obligates firms to publish sustainability reports in less than 120 days or three months. In this case, the regulation aims to maintain the information quality by keeping the sustainability report timeliness. In this case, this research examines the effect of corporate culture on the sustainability reporting gap as an alternative analysis.

The sustainability reporting gap is measured by the number of days between the end of the reporting period and the date of sustainability report publication. The date of the end of the reporting period follows the date of the end period of the annual report. Annual reports can be accessed on firms' websites and www.idx.co.id. The date of the sustainability report publication can be accessed at www.idx.co.id. Since there is incomplete data on the date of the sustainability report publication, the sample for alternative analysis includes 63 observations. The measurement of the sustainability reporting gap can be seen in Equation 6. The result of the alternative analysis can be seen in **Table 7**.

$$Sustainability\ reporting\ gap = Date\ of\ sustainability\ reporting\ publication - Date\ of\ sustainability\ report\ publication \ldots\ldots(5)$$

Table 7. Alternative Analysis

Variable	Coefficient	t-Statistic	Significance
Constant	395.140		
CLAN	9.104	0.433	0.666
ADHO	-0.000	-1.439	0.155
HIER	-0.305	-0.448	0.656
MARK	-30.575	-0.691	0.492
SIZE	-9.273	-3.146	0.003*
F-Statistic (Significance)	4.264 (0.002*)		
R^2	0.272		
Kolmogorov-Smirnov	Above 0.050		
Park Test	Above 0.050		
Durbin-Watson	Between DU and 4-DU		

VIF	Below 10
Sample	63
*Significant in 0.01	

Source: Statistical output of SPSS

Table 7 shows that clan culture (CLAN) has a coefficient of 9.104, a t-statistic of 0.433, and a significance value of 0.666 (insignificant). The result indicates no effect of clan culture on the sustainability reporting gap. Adhocracy culture (ADHO) has a coefficient of -0.000, a t-statistic of -1.439, and a significance value of 0.155 (insignificant). The result indicates no effect of clan adhocracy on the sustainability reporting gap. Hierarchy culture (HIER) has a coefficient of -0.305, a t-statistic of -0.448, and a significance value of 0.656 (insignificant). The result indicates no effect of clan hierarchy on the sustainability reporting gap. Market culture (MARK) has a coefficient of -30.575, a t-statistic of -0.691, and a significance value of 0.492 (insignificant). The result indicates no effect of market hierarchy on the sustainability reporting gap. The alternative result of adhocracy culture is consistent with the main result, as in **Table 5**. However, the alternative results of clan, hierarchy, and market cultures are inconsistent with the main result in **Table 5**. It indicates that the results of the clan, hierarchy, and market cultures in **Table 5** only apply to sustainability report quality based on monitoring by the sustainability committee, external non-audit validator, and external auditors.

DISCUSSION

This research examines corporate culture's effect on sustainability report quality. Specifically, this research examines the effect of clan, adhocracy, hierarchy, and market cultures on sustainability report quality. This research contributes to investigating how far the implementation of POJK no. 51/POJK.03/2017 can lead firms to have high-quality sustainability reports. This research also contributes to improving previous studies. Previous studies in emerging countries tend to examine sustainability reports more on profitability, content quantity, and international standard implementation (García-Sánchez et al., 2019). A few sustainability report studies still focus on the information quality in emerging countries (Moses et al., 2020). The result generally confirms the stakeholder theory where firms fulfil the stakeholders' interest by providing high-quality sustainability reports, especially firms with hierarchy and market cultures. This finding only applies to listed firms on the Index *Sri Kehati*. This finding can also not be applied to the qualitative characteristic of timeliness. Firms and regulators can use this finding to formulate the proper Strategy to improve sustainability report quality.

Clan Culture and Sustainability Report Quality. The first objective of this research is to examine the effect of clan culture on sustainability report quality. Based on data analysis, the hypothesis of H1, where clan culture hurts sustainability report quality, is accepted. Firms with clan culture have more awareness of the internal environment than external parties. Clan culture promotes centralised authorities, low formality, and high tolerance for the ambiguity of structure and procedure. In this case, the ambiguity of structure and procedure leads to lower quality of reported information since the reporting process avoids the strict reporting standard. In the context of the sustainability report, firms with clan culture ignore the sustainability reporting standard, such as the Global Reporting Initiative standard, and leads to low-quality sustainability reports. The result is consistent with (Bhandari et al., 2022), who find that collaborative culture reduces reporting quality as part of clan culture.

This result confirms the stakeholder theory, especially the strategy choices of firms with clan culture related to stakeholders' interests and values. In this case, firms with clan culture tend to focus more on internal parties than sustainability report users (external stakeholders), leading to lower sustainability report quality. This result implies that firms' management with clan culture should consider providing higher sustainability report quality since both internal and external stakeholders can give value to the firms.

Adhocracy Culture and Sustainability Report Quality. The second objective of this research is to examine the effect of adhocracy culture on sustainability report quality. Based on data analysis, the hypothesis of H2 is rejected where adhocracy culture does not affect sustainability report quality. The result is consistent with (Bhandari et al., 2022), who found no evidence of adhocracy culture on financial report quality. Adhocracy culture leads firms to focus more on innovation and technology. In this case, adhocracy culture has more of a relationship with product research and development than corporate reporting, including sustainability reporting. Moreover, since adhocracy culture captures general innovation rather than specific innovation, such as green innovation, it fails to determine the factor of green reporting (in this case, sustainability reporting). (Khan et al., 2021) confirm that specific innovations like green innovation relate to sustainability report transparency.

This result implies that firms' management with an adhocracy culture focuses on innovation in business and industry and green aspects. In this case, green innovation will lead firms to provide high sustainability report quality and give more value to the stakeholders (Khan et al., 2021). (Engez & Aarikka-Stenroos, 2023) find that firms that give value to stakeholders lead stakeholders to contribute to commercialisation and market innovations. (Shams et al., 2020) also find that firms that give value to stakeholders lead stakeholders to contribute to innovation in entrepreneurial development.

Hierarchy Culture and Sustainability Report Quality. The third objective of this research is to examine the effect of hierarchy culture on sustainability report quality. Based on data analysis, the hypothesis of H3 is accepted where hierarchy culture positively affects sustainability report quality. Hierarchy culture focuses on policy and procedure implementation. Policy and procedure implementation has to follow the standard. When sustainability reporting follows the standard, such as the Global Reporting Initiative standard, sustainability reports will achieve the qualitative characteristics suggested by the Global Reporting Initiative (2016). In this case, the sustainability report has high-quality information. The result is consistent with (Shwairef et al., 2021), who find that hierarchy culture improves the quality of sustainability disclosure.

This result confirms the stakeholder theory, especially the strategy choices of firms with a hierarchy culture related to stakeholders' interests and values. In this case, firms with a hierarchy culture tend to focus more on standard obedience, including in sustainability reporting, which leads to higher sustainability report quality. This result implies that firms' management with a hierarchy culture to maintain their culture of standard obedience, especially in sustainability reporting.

Market Culture and Sustainability Report Quality. The fourth objective of this research is to examine the effect of market culture on sustainability report quality. Based on data analysis, the hypothesis of H4, where market culture positively affects sustainability report quality, is accepted. Market culture leads firms to build competitive advantage and maintain industry position in front of external parties. This condition forces firms to fulfil external parties' interests, including interest in high-quality information needs. Firms with market culture tend to provide sustainability reports with high-quality information to build competitive advantage and maintain industry position in front of external parties. The result is consistent with (Bhandari et al., 2022) and (Shwairef et al., 2021), who find that market culture improves the quality of corporate reporting.

This result confirms the stakeholder theory, especially the strategy choices of firms with market culture related to stakeholders' interests and values. In this case, firms with market culture tend to focus more on external stakeholders, including the concern of providing high-quality information in sustainability reports. This result implies that firms' management with market culture maintains their culture to be more concerned with external stakeholders, especially in providing high-quality sustainability reports.

CONCLUSION

This research examines corporate culture's effect on sustainability report quality. Based on data analysis, low clan culture, high hierarchy culture, and high market culture lead to high sustainability report quality. Clan culture is more aware of the internal environment than external parties, leading firms to care less about sustainability report quality. Hierarchy culture concerns standard fulfilment, leading to high sustainability report quality. Market culture leads firms to provide high-quality sustainability reports since the focus of market culture is maintaining industry position in front of external parties. However, there is no effect of adhocracy culture on sustainability report quality.

This research implies that firms maintain the hierarchy and market cultures to improve sustainability report quality. This research also implies that regulators formulate a fixed sustainability reporting standard to improve sustainability report quality. This research also implies that investors choose firms with hierarchy and market cultures so investors can make accurate decisions based on sustainability report information.

This research has some limitations. First, this research only examines the listed firms on the *Sri Kehati* Index with a three-year research period. The limitation comes from implementing mandatory sustainability reporting that started in 2020. Future research is expected to examine all listed firms on the Indonesian Stock Exchange within the research period. Further research examines the corporate culture in all listed firms on the Indonesian Stock Exchange to improve sustainability report quality since all listed firms publish sustainability reports after 2020. Second, this research only measures corporate culture from the financial data in financial and annual reports. This research does not directly investigate the culture implementation in the firms with interviews or questionaries. Future research is expected to measure corporate culture directly to the firms with interview or questionnaire methods. Further research can interview CEOs about corporate culture or send questionaries to measure whether firms tend to have clan, adhocracy, hierarchy, or market cultures.

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