REVISITING THE EFFECT OF ORGANIZATIONAL CULTURE AND GCG ON SUSTAINABILITY PERFORMANCE: STRATEGIC POSTURE AS A MODERATING VARIABLE

Mohamed Omar Abdulrahim\(^1\), Eko Ganis Sukoharsono\(^2\), Erwin Saraswati\(^2\) and Imam Subekti\(^2\)

\(^1\)Department of Accounting, Misurata University, Misurata, Libya.
\(^2\)Department of Accounting, University of Brawijaya (UB), Malang, Indonesia.

ABSTRACT

**Purpose** — There are problems that arise and are interesting to analyze the impact of organizational culture, corporate governance on sustainability performance with strategic posture as moderating variable.

**Design/methodology/approach** — For this analysis, the population is all companies listed for Indonesia Stock Exchange Technique sampling in this research is purposive sampling. The data were collected from www.idx.co.id and other relevant sources comprising the company's website for the 2009-2018 period. The data were collected and the technique analysis used is Warp PLS programs.

**Findings** — Based on the analysis and discussion, the results showed that there is a significant effect of organizational culture on sustainability performance, also there is a significant effect of corporate governance on sustainability performance.

**Practical implications** — Strategic posture can be moderating variable in the relationship between organizational culture and corporate governance on sustainability performance.

**Originality/value** — The awareness about the disclosure of sustainability in Indonesia is still low. Furthermore, environmental, societal, cultural, and governance issues are considered essential and integral aspects of company performance.

**Keywords** — Organizational Culture, Corporate Governance, Strategic Posture, Sustainability Performance.
**Paper Type** — *Research paper.*

The awareness about the disclosure of sustainability in Indonesia is apparently still low. Furthermore, environmental, societal, cultural, and governance issues are considered essential and integral aspects of company performance. These problems arise and are interesting to analyze the impact of organizational culture, corporate governance on sustainability performance with strategic posture as moderating variable. For this analysis, the population is all companies listed for Indonesia Stock Exchange Technique sampling in this research is purposive sampling. The data were collected from www.idx.co.id and other relevant sources comprising the company’s website for the 2009-2018 period. The data were collected and the technique analysis used is Warp PLS programs. Based on the analysis and discussion, the conclusion is: there is a significant effect of organizational culture on sustainability performance, also there is a significant effect of corporate governance on sustainability performance. Strategic posture can be moderating variable in the relationship between organizational culture and corporate governance on sustainability performance.

**INTRODUCTION**

The existence of the company cannot be separated from the public in their environment. The management must realize that they are not can only pursue profit alone, but also activities carried out by the company more or less will bring social consequences for the public. Therefore, there are moral demands for parties management to pay attention to the interests public. This is where the importance of management does sustainability reporting. More recently, Asian countries have begun to increase their focus on sustainability policies and practices, and sustainability reporting has evolved into a mainstream practice among
Asian companies. Sustainability disclosures illustrate the degree to which companies incorporate their sustainability into their core business strategy and then communicate their sustainability initiatives. Malaysian listed companies scored the highest ratings for disclosure in 2018 while Indonesia listed companies received the lowest ratings for disclosure in the same year (Lawrence, 2018). In Indonesia, the poor sustainable performance regardless of different factors and situations, such as political problems, cultural differences, ethnicity, power, and a lack of financial support, businesses are quite complicated. The Corporate Governance structure in Indonesia is less stringent compared with other East Asian countries (Wijayati et al., 2016).

Currently, sustainability disclosure is primarily driven by the sustainability reporting standards of the Global Reporting Initiative (GRI). GRI offers a framework to guide the process and success indicators of sustainability disclosures. This results in a sustainability study conveying information about the positive and negative economic, social, and governance effects of corporations (Sullivan, 2016). Indonesian companies have also significantly increased their sustainability reporting in response to institutional pressures, the quality of environmental and social information disclosed by Indonesian companies and the level of sustainability reporting is still at an early stage compared to international best practices (Ong et al., 2019). Thus, awareness of factors other than institutional factors must be formed that can broaden the scope of the company’s sustainability coverage in Indonesia as a developing country.

In addition to other situations where businesses do not have a good effect on the climate, Indonesia has faced the issue of natural resource extraction and contamination of the atmosphere in recent years, as one of the world’s most important economic powers. Indonesia expects many who are rational to play an active role in promoting sustainability. This condition had made Indonesian businesses worldwide demand to do
business more responsibly. Unfortunately, the awareness of social and environmentally responsible activities for Indonesian companies to reach sustainable performance is questionable. Consequently, the issues of sustainable performance in Indonesia remain highly contested. Social pressure has given these organizations the incentive to be more aware of and concerned about socioeconomic concerns and to take responsibility for these concerns. In addition, increased public understanding of corporations’ position in exacerbating sustainability concerns has led consumers to place pressure on businesses to take responsibility for causing environmental and social problems. In response to these stresses, businesses are publishing corporate sustainability reports as proof of willingness to embrace transparency and obligation for sustainability to demonstrate that they are fairly good sustainability performers. Nevertheless, in many countries, as sustainability reporting is voluntary, it has prompted interest from both researchers and practitioners to see whether businesses are genuinely behaving in good faith to justify their enhanced corporate public image. Public pressure has given these organizations the motivation to be more aware of and concerned with socioeconomic concerns and to take responsibility for these concerns. In fact, there is a growing demand for companies to be honest about how they behave in these matters.

According to stakeholder theory, internal and external parties are "demanding more transparency and accountability and are increasingly making good corporate governance part of ensuring sustainability performance criteria" (Welford, 2007). Also, stakeholder considerations from groups such as government, investors, political organizations, customers, suppliers, communities, trade associations, and employees influence organizations to meet their obligations on improving sustainable performance (Delmas, 2002). There is some argument about the relational nature of culture, process and organizational results must
be taken into consideration when examining the relationship between culture and performance. The statement underlying this research line is that through certain moderating influences, organizational culture affects output outcomes (Yesil & Kaya, 2013). The outcome of an organization depends, among others, on the fit between various contingencies, such as structure, strategy, and environment, according to the contingency system (Thoumrungroje et al., 2005). Venkatraman (1989) described the term fit as a variable of mediation as "the presence of a significant interference mechanism between the preceding and consequence variable." According to the literature, the strategic method may be considered to mediate the interaction between external factors such as organizational culture and general business success (Eiadat et al., 2008).

This paper will discuss the effect of organizational culture that consists of clan culture, adhocracy culture, hierarchy culture, and market culture on strategic posture and sustainability performance, also try to analyze the relationship between corporate governance that consists of board size, board independence, ownership concentration, institutional ownership and audit committee on strategic posture and sustainability performance. The moderating role of strategic posture also will be analysed to find empirical evidence of the relationship between organizational culture and corporate governance on sustainability performance.

THEORETICAL REVIEW

Organizational Culture

The idea of organizational culture first entered organizational literature with The Evolving Culture of Factory by Elliot Jaques (1951) (Jaques, 2013). Nonetheless, relevant literature shows that traces of the idea behind organizational culture can be found in
several early initiatives which attempt to define the definition of organizational theory. Through this perspective, organizations can be seen as "socially constructed meaning structures," researchers suggest that an OC comprising organizational expectations, principles, beliefs and their manifestations in employee behaviors and attitudes could be related to achieve successful results (Denison et al., 1995). This approach focuses primarily on notions of community as a way of speeding up organizational change.

**Corporate Governance**

Corporate governance is described as "the mechanism that guides and manages businesses" (Abor, 2007) and is the key means by which managers can be effectively managed to avoid self-interested behaviour. The tools it uses can be used to solve agency problems (Eng et al., 2003; Shan, 2009) as well as to alleviate the management’s lack of engagement due to agency issues (Berglof and Pajuste, 2005). Corporate governance has therefore been identified as one of the most critical aspects of modern companies today. Sustainability performance is the activities of the organization which affect the physical or natural environment and the social environment that they operate (Wilmshurst and Frost, 2000). The sustainability performance of organizations will subsequently be measured by means of sustainability reports (sustainability disclosure). Sustainability report focuses on the firm’s economic results, social performance, and environmental performance information statement.

**Strategic Posture**
The second dimension of Ullmann’s model is a strategic stance. An SP describes the rationale an company has for responding to the demands of its stakeholders. An SP is viewed as either active or passive. An organization that takes an aggressive approach can be described as a management agency in pursuit of influence and constant monitoring of the interaction between the agency and the members Defined major stakeholders to achieve the best possible level of interdependence and to participate in stakeholder approaches that will produce the most promising outcomes for their organization (Ullmann, 1985).

**Sustainability performance**

The definition of CSR has grown and is sometimes referred to today as "corporate sustainability" or "good business practices" to avoid confusion with conventional CSR’s limited and inaccurate meaning as charity events (Proksch et al., 2013). Most of this topic will concentrate on corporate social responsibility and corporate social success with the general understanding of the importance and logical implications of corporate sustainability and SPF. The concept of corporate social performance, as mentioned earlier, is an extension of the concept of corporate social responsibility which places more emphasis on the results achieved. SPF can be described as a company’s success in all dimensions and for all drivers of enterprise sustainability (Schaltegger et al., 2006). This reaches beyond a single company’s borders and usually addresses the output of both upstream and downstream suppliers in the supply chain (Fiksel et al., 1999). According to the concept, sustainable performance must address the convergence of all the main environmental, social, and economic performance measures, known as the triple sustainability bottom line.
Hypotheses Development

The Impact of Organizational Culture on Sustainability Performance

The definition of a hypothesis may be defined as the rational assumption of the relation between two or more variables specified in a test statement (Sekaran & Bougie, 2016). Therefore this work splits the hypothesis into two groups: null and alternative hypothesis. Typically, null hypothesis (H0) cannot be represented as a meaningful relationship between the independent and dependent variables. (Ha) Indicates that the relationship between an independent and dependent variable is important (Sekaran & Bougie, 2016). On the basis of the research’s theoretical framework, to help create a more fine-tuned approach to the management of social and environmental problems, this research uses the crisis management model as a feature of the match between the corporate culture and the range of responses available to the business. In other words, this research uses a theory of contingency in which the response of the firm to social questions (corporate social responsiveness) will depend on the kind of organizational culture. Based on the above topic, the following hypothesis could be set. Therefore, sustainability is seen as one of the practices that externally strengthens the company’s good image in consumer culture, strengthens its members’ self-esteem as a way of separating it from other businesses (Brammer et al., 2007), and enhances successful involvement (Carmeli, 2005), Can offer high efficiency. As a result, group leaders share the company’s core principles and strengthen their understanding (Benn et al., 2018), this would have a positive effect on the company’s results. Ultimately, business culture may be introduced to put greater focus on firm efficiency in
the search for corporate sustainability. The following hypothesis may be set, based on the above discussion.

**H1: Organizational culture has an effect on sustainability performance.**

**The Impact of Corporate Governance on Sustainability Performance**

Recent work in the field of sustainability and OC is attempting to create a relationship between cultural types and sustainability integration. For example, Lee et al. (2017) research utilize the types of CVF culture to create a relationship between CSR and company performance. The survey of 164 Korean companies shows that this can improve the relationship between CSR and financial results when either clan or market culture is dominant in a business. However, if a firm is more attracted to a system of adhocracy or hierarchy, the positive financial effects of CSR appear to decrease.

**H2 : Corporate Governance has an effect on sustainability performance.**

**The Impact of Organizational Culture on Sustainability Performance Moderated by Strategic Posture**

In addition, Menguc et al. (2010) analyzed the context and implications of a pro-active approach, building on structural and credibility theories from the external driver's perspective. They found that one of the reasons why a higher entrepreneurial orientation is more likely to lead to the adoption of a proactive environmental policy may lie in the common OC, SP, and structure that both require. Nonetheless, the effect of OC forms on SP, and SP's moderating role in stimulating SPF, is somewhat known. As a consequence, with an analysis of the moderating function of SP, this research provides an
understanding of the effect of OC on SPF. The following theory may be developed by referring to the previous results.

**H3: Organizational culture affects sustainability performance moderated by strategic posture.**

**The Impact of Corporate Governance on Sustainability Performance Moderated by Strategic Posture**

Likewise, the model that Ullman’s (1985) research offers suggests that an SP has a positive relationship with environmental coverage. In turn, a more successful SP is projected to bring about a higher degree of social and environmental coverage. In addition, therefore, Prado-Lorenzo et al. (2009) is expected to mediate the relationship between CG and sustainability efficiency through an SP. The following theory may be formulated in light of the above discussion.

**H4: Corporate Governance affects sustainability performance moderated by strategic posture**
Indicators:
1. BS : Boar Size
2. BI : Boar Independence
3. OC : Ownership Concentration
4. IO : Instituional Ownership
5. AC : Audit Committe

Figure 1. Theoretical Framework

METHOD

Population and Sampling Method

For this analysis, the population is all companies listed for Indonesia Stock Exchange. Technique sampling in this research is purposeful sampling. Purpose sampling is the sampling technique that has used certain parameters, such as:

a. The company that are listed in IDX and the data are available and can be accessed
b. The data related to the proxies used to measure the types of organizational culture, CG, strategic posture, and SPF is available.

c. The company does not use the dollar as a currency for its annual report.

d. The companies that their financial year-end on December 31.

Data Collections
The data for this analysis, if one is created, used secondary data, such as the company’s annual reports and the company’s website. This analysis offers an objective measure of the consistency of the knowledge available. Because the real SPF data of the organization is not available for the quality test of the self-reported details, and because there is no unique database website to retrieve all the required information that leads to the individual extraction of the data. The data-gathering tool is documentation. The data were collected from www.idx.co.id and other relevant sources comprising the company’s website for the 2009-2018 period.

Operational definition and measurements variables
There are some variables in this analysis, such as OC and CG as independent variables and SPF as dependent variables, SP as moderating variable, with various proxies and measurement scales and scale measurement forms for each variable

Organizational culture
It is the values and behaviors which contribute to an organization’s unique social and psychological climate. The manner in which the company conducts its business (in so far as independence is permitted in decision-making) is based on common attitudes,
values, traditions, and written and unwritten rules that have been established over time and are considered legitimate (Cameron & Quinn, 2011; Wahid ElKelish et al., 2014).

**Clan Culture**
The company emphasizes the long-term benefit of individual growth, with a high degree of unity and morale (Cameron, Quinn, 1998). Fioredeli et al. (2014) also pointed out that clan culture focuses on the internal organization, especially workers, and often tries to improve the human resources competencies they have, See Phillips for more (2005). While Wahid ElKelish and Kamal Hassan (2014) and Dwianika et al. (2019) have all used the scale ratio of total employee compensation value divided by total operating expenses as representatives of the culture of the clan. This analysis would also use the same scale as:

\[
\text{CLAN} = \frac{\text{The total compensation paid to employees}}{\text{Operating expenses}}
\]

**Adhocracy Culture**
In addition, the culture of adhocracy is differentiated from other forms of organizational culture by embracing more risk measures to attain predefined objectives. The agent represents fluctuations in operating profits. (Cameron & Quinn, 1999). The fluctuation in operating profit, which illustrates how management is more likely to consider the risk of adjustments in financial metrics, has therefore been used as a surrogate variable for this factor, which is calculated by the Operating Profit t with Operating Profit t-1 This analysis will therefore use the same scale as below:

\[
\text{Adhocracy} = \frac{\text{Operating income}_t - \text{Operating income}_{t-1}}{\text{Operating income}_t}
\]
**Hierarchy Culture**

In comparison, Wahid ElKelish and Kamal Hassan (2014) and Dwianika and Murwaningsari (2019) have all used the overall transaction costs as a measure of the ideology of adhocracy. This analysis would also use the same scale as:

\[
\text{Hierarchy} = \frac{\text{Total transaction costs}}{\text{Net Income}}
\]

**Market Culture**

**Market Share (MS)**

This metric is used to provide a general idea of a company’s size with regard to its competition and its rivals and is one of the most popular instruments for calculating consumer culture (Abu-Jarad et al., 2010; Gallagher et al., 2008). (Entire business sales / Business income).

\[
\text{MS} = \frac{\text{Company’s Revenue}}{\text{Entire Market Revenue}}
\]

**Corporate Governance**

This research focuses on board composition and concentration of ownership, such as certain metrics (board size of members, independence of boards, concentration of ownership, institutional ownership). The calculation for these indicators will also decrease to one by an analytical factor, as shown later in this paper.
Board Size of Commissioners
The Board of Commissioners is the body responsible for carrying out general and special oversight following the association articles and providing recommendations to the members. The composition of the board of directors is the total number of board members of a corporation.
Number of Commissioners = Number of Commissioners

Board independence
The proportion of members of Independence on the total Members.

\[
\text{Board independence} = \frac{\text{Independence Member}}{\text{Total Member}}
\]

Ownership Concentration
Considering ownership concentration as an internal governance method, this work differentiates two situations: high proprietary dispersion (low concentration of ownership) and high concentration of ownership (low dispersion of ownership). Such variations in concentration (or dispersion) of ownership decide CG system.
The concentration of ownership is measured as a percentage of the shares held by the largest shareholders, who own more than 55 percent of the total shares:

\[
55\% \leq \text{percent of shares owned by the largest shareholder of } \leq 100\%
\]

Institutional Ownership
Institutional control includes non-company members, such as banks, insurance agencies, and public or other businesses/agencies / financial member’s management, with the

\[
\text{Institutional ownership} = \% \text{ Institutional ownership}
\]
exception of the company’s director and commissioners. The previous research using this calculation is by Chen et al. (2012):

**Audit Comite**
An audit committee is a committee consisting of 3 or more members, one of them is a company independent commissioner listed at the same time as the chair of the committee, while the other is an independent external party and at least one of them owns ability in the field of accounting.

\[
\text{Audit committee} = \sum \text{Audit committee}
\]

**Strategic Posture**
The mathematical model for strategic posture uses dummy variables in the annual report business, including the presence of corporate environmental committee and/or environmental issues in their vision/mission statement and/or the existence of ISO14001 certification.

**Sustainability Performance**
This inquiry will be assessed using GRI metrics (Montiel et al., 2014). The GRI list can be found in Appendix (GRI G4).

**METHOD OF ANALYSIS**
**Descriptive Statistics**
Descriptive statistics were used to explain the data seen from the mean, median, standard deviation, minimum value, and maximum value. This test is done to facilitate an understanding of the variables used in the research.
**Hypothesis testing**

Hypothesis testing in this research use is t-test for analyzing the effect of independent variables on the dependent variables. The criteria are:

If sig. (p-value) < 0.05 so the hypothesis accepted.

If sig. (p-value) > 0.05 so the hypothesis rejected.

**Regression Analysis**

Technique data used in this research is regression analysis with MRA (Moderating Regression Analysis). Regression analysis is one analysis that aims to determine the effect of a variable against another. In regression analysis, the variables that affect the so-called independent variable and the variable that is affected are called the dependent variable. The formula or equation of regression analysis is as follows:

\[
SPF = a + b_1Clan + b_2Adhocracy + b_3Hierarchy + b_4MC + b_5BS + b_6BI + b_7OC + b_8IO + b_9AC + b_{10}SP + b_{11}Clan.SP + b_{12}Adhocracy.SP + b_{13}Hierarchy.SP + b_{14}MC.SP + b_{15}BS.SP + b_{16}BI.SP + b_{17}OC.SP + b_{18}IO.SP + b_{19}AC.SP + e \ldots \ldots (2)
\]

- SPF  = Sustainability Performance
- a    = constanta
- b1-b19 = coefficient beta
- BS   = Board Size
- BI   = Board Independent
- OC   = Ownership Concentration
- IO   = Institutional ownership
- AC   = Audit Committee
- SP   = Strategis Posture
- e    = error
Clan.SP = Interaction between Clan culture and Strategic Posture
Adhocracy.SP = Interaction between Adhocracy culture and Strategic Posture
Hierarchy.SP = Interaction between Hierarchy culture and Strategic Posture
MC.SP = Interaction between Market culture and Strategic Posture
BS.SP = Interaction between board size and Strategic Posture
BI.SP = Interaction between board independent and Strategic Posture
OC.SP = Interaction between ownership concentration and Strategic Posture
IO.SP = Interaction between institutional ownership and Strategic Posture
AC.SP = Interaction between audit committee and Strategic Posture
RESULTS

Descriptive Statistic

Table 1: Descriptive Research Results

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The Source: Secondary Data Processed (2020)

Based on table 1. note that the mean value for the Clan culture variable has the mean value 0.149410, and the minimum value is -4.663966, meanwhile, the maximum value is 2.934750, with a standard deviation is 0.451986. The standard deviation is higher rather than the mean value, this indicated that the data is have high variation data. adhocracy is 0.236724 and the maximum value is 12.06072 and the minimum value of -3.998443 with a standard deviation of 0.888611. The standard deviation is higher rather than the mean value, and this indicated that the data have high variation data. Hierarchy variable, the mean or average is 0.562400 and for the maximum value is 16.33699, and the minimum value is -28.26605 with a standard deviation of 2.211139. The standard deviation is higher rather than the mean value, and this indicated that the data have high variation data. For the Market Share (MS) variable, the mean or average is 0.104820 and for the maximum value is -0.4
value is 9.160340, and the minimum value is -0.000420 with a standard deviation is 0.419508. The standard deviation is lower rather than the mean value, and this indicated that the data have low variation data. The Board size data showed that the minimum value is 2 and the maximum 10 with a mean 4.25598; this means the average sample of this research is 4-5 persons of board size in a company. For the Board Independence variable, the mean or average value is 0.408270 and for the maximum value is 0.800000, and the minimum value is 0.166667 with a standard deviation value of 0.096865. The standard deviation is lower rather than the mean value, and this indicated that the data have low variation data. The mean showed that the average board independence of the companies in this research is 40.8270% from all the board commissioners of the company. For ownership concentration, the mean or average is 15.77949 and for the max value is 99.99999, and the minimum value is 0.000000 with a standard deviation of 30.40062. The standard deviation is higher rather than the mean value, and this indicated that the data have high variation data. institutional ownership, the mean or average is 39.23489 and for the maximum value of 100.0000 and the minimum value of 0.000000 with a standard deviation of 31.39405. The standard deviation is lower rather than the mean value, and this indicated that the data have low variation data. The mean indicated that 39.23489% from 969 companies of observation in this research had been owned by outside or institutional ownership. The audit committee variable has a mean 2.445 with a standard deviation 0.234. The mean higher than standard deviation showed that the data had high variation. For the sustainability performance variable, the mean value or the average is 0.594427, and for the maximum value of 1.000000 and the minimum value of 0.000000 with a standard deviation value
0.491256. The standard deviation is lower rather than the mean value, and this indicated that the data have low variation data. The mean value reflects that the disclosure of sustainability performance of 969 companies of this research reached 59.4427% on average.

**Hypothesis testing Result**

**Table 2. Hypothesis Testing Results**

![Diagram](image)

Source: Secondary Data processed (2020) with Warp PLS
Based on the table above, it can be said that organizational culture that consists of clan culture, adhocracy culture, hierarchy culture, and market culture has a significant effect on sustainability performance, because the p-value is $0.013 < 0.05$ so H1 accepted.

Corporate governance dimensions that consist of board size, board independence, ownership concentration, institutional ownership, and audit committee also have a significant effect on sustainability performance, so the hypothesis H2 accepted with p-value $0.032 < 0.05$.

The moderating variable is SP (Strategic posture) with p-value $0.013 < 0.05$ so H3 accepted, this indicated that Organizational culture affects sustainability performance moderated by strategic posture.

The moderating variable is SP (Strategic posture) with p-value $0.002 < 0.05$ so H4 accepted, this indicated that Corporate Governance affects sustainability performance moderated by strategic posture.

**DISCUSSION AND CONCLUSION**

Based on the result, it can be said that there is a significant effect of organizational culture on sustainability performance. Clan culture provides a form of control that is more efficient than traditional bureaucratic modes of control in highly uncertain or radically changing environments (Alvesson et al., 1993). Indeed, the clan is regarded as a mode of social control in society (Gu et al., 2008) By focusing on the processes of socialization and the collective frameworks of reference that make it a key ingredient of business culture. Clan culture emphasizes the creation of common values, beliefs, and objectives within the organization and seeks to minimize differences in the organizational members' objectives preferences. Clan leaders are usually seen as part of an extended family, an ideal circumstance for companies to make strategic choices. Clan culture is internally focused, and founded on
consensus-building principles. Collectivist ideals tend to be characteristic values in clan culture, and cooperation relies heavily on obvious behavior (Chatman et al., 2005). This result is also supported by a previous research done by Chatman et al. (2005). Adhocracy Culture focuses on external issues comprising core principles such as versatility, creativity, and risk-taking. It is focused on the concept of being prepared for the future by developing new goods and services and being able to adapt to circumstances that are highly complex. Features such as accelerated development, the creation of new sources, and the ability to generate exclusive, original goods and services are the main long-term priorities of the company (Kim & Robert Quinn, 1999; Kangas, 2009). Based on the results of this research, it has been shown that the culture of adhocracy has a positive impact on the strategic posture. This was also supported by a prior research (Ahmadi et al., 2012). Based on the results of this research it has been shown that the culture of Hierarchy has an effect on the strategic posture. This finding was also backed by a previous research performed by Tasgit et al. (2017) and Hynes, (2009). Tasgit et al. (2017) concluded that the culture of hierarchy is the most important form of corporate culture that influences strategy. And it can be seen that the hierarchical culture is dominant in the industry, and the answer to sustainability-related approaches would generally be positive. Market culture puts greater focus on issues such as strategic behavior, achieving targets and objectives, growing market share and market penetration (Kim & Robert Quinn, 1999), enhancing the strategic position in the business environment (Harrington et al., 2005), competitive advantage and market leadership, the shifting nature of the organization is very high with the characteristics. Based on the result of this research showed that Market culture has a effect on strategic posture. This also supported by previous research done by Mwaura (2017).
From the result and analysis, it is observed that the GCG (Corporate governance) has a significant effect on sustainability performance. In addition, this is consistent with the findings of Abeysekera (2010), Allegrini and Greco (2013), which identified a correlation between board size and overall sustainability performance as well as a strategic orientation. For better results an efficient board is critical (Vafeas, 1999). Therefore, larger boards are considered at a low cost to get a variety of resources and result in better results. In addition, a board of directors' decisions often play a significant role in deciding the extent of voluntary transparency regarding sustainable results. Laksmana (2008) concluded that there is a positive correlation between the size of the board and the degree of voluntary disclosures on sustainable results. Large companies have large boards, according to Shamil et al. (2014), and those companies want to improve their reporting on sustainability. Similarly, large boards have a greater impact on sustainability issues according to Janggu et al. (2014). With this consistency between our findings and previous research, however, the presence of a direct effect between board size and sustainability performance suggests that this relationship can also be explained by other possible factors, and thus further studies are required. Support was given to the direct effect of board independence on strategic direction and sustainability results. Whereas the p-value of the BI variable is below 0.05, this hypothesis (Board independence has a major positive impact on strategic orientation and sustainability performance) was acknowledged. Independent directors are likely to take further steps to improve the sustainability efficiency of the Ibrahim et al. (2003) business according to these findings. Independent Managers also serve as a reporting device for sustainability success improvement activities. The current literature on the relationship between board independence and sustainability disclosure is contradictory and non-conclusive. Whereas,
between the independent director and CSR disclosures, Cuadrado-Ballesteros et al. (2015) and Jizi et al. (2014) have found a positive correlation. Said et al. (2009) and Haniffa et al. (2005) did, however, find a negative correlation between board independence and CSR disclosures. In the Indonesian context, our results support the research by Trireksani et al. (2016), which reported that there is an important positive relationship between the board size of directors and the extent of environmental disclosure. As such, companies will increase the percentage of independent directors because of their position in the sustainability success attitude of the managers. Ownership concentration has an important positive impact on the output of strategic orientation and sustainability, as demonstrated by the current report. As the p-value indicator for ownership concentration is less than 0.05, this implies acceptance of the third hypothesis in this analysis. Therefore the concentration of ownership on strategic orientation and sustainability results are important. This result is consistent with the results of Cullen et al. (2002) and Brammer et al. (2007) who found that these two definitions are related. According to Ghazali (2007), companies that have scattered ownership are required to engage more in the community or social and environmental initiatives, as the question of public accountability in such companies is relevant. Therefore, as a result of the higher degree of public transparency, it can be expected that widely owned businesses should have a more sustainable output relative to tightly held businesses. Conversely, in a highly concentrated ownership organization, as the public interest is relatively small, less active, therefore less sustainable output can also be expected from social and environmental activities.

Another result also confirmed the strategic posture can be moderating variable the relationship between an organizational culture that consists of clan culture, adhocracy culture, and hierarchy culture,
market culture toward sustainability performance, this means the sixth hypothesis accepted. This indicated that the better implementation of organizational culture will affect the better strategic posture and effect on higher sustainability performance. The p-value is less than 0.05 for the strategic posture variable moderating function of the Sobel test so it means the seventh hypothesis in this analysis is accepted. So strategic posture mediates the effect on sustainability efficiency of board size, board independence, ownership concentration, and institutional ownership, audit committee. The finding further suggested that an active emphasis on environmental and social issues could contribute to a higher level of sustainability efficiency. Research undertaken by Elijido-Ten (2004) looked at the environmental reporting determinants. The research suggested that the key determinant for setting environmental coverage is strategic orientation. As such, this research extends the results of Abeysekera (2010) and Allegrini and Greco (2013) by incorporating the strategic orientation of managers as one of the possible explanations for the effect of board size on companies' level of sustainability efficiency. This finding underscores the importance for shareholders of having a broad board size which gives importance to sustainability efficiency.

This work adds to the literature theoretically, perspective, by exploring the moderating impact of the strategic orientation of managers can also help researchers understand the essence of the relationships between these variables. On the other hand, and from an administrative perspective, the results of this research will help firm managers understand certain frameworks of corporate governance that are important for enhancing their sustainability efficiency. The findings also have implications for company policymakers to incorporate sustainability into their strategic strategies and develop rules for sustainable management practices. This focuses on businesses with limited board size, lack of management independence, and lack of major institutional
shareholders; who are less likely to properly report the effect of their business activities on sustainability issues. Moreover, these findings expand the preceding literature, which discusses only the direct effects of corporate governance frameworks on sustainability efficiency.

However, this work is one of the first to assess, to the best of researcher knowledge, the value of corporate governance characteristics on the level of sustainability success in Asian countries. This research has also explained some of the contradictions that had been found in previous studies. In order to require sustainable practices, however, future research is required to understand the moderating impact of organizational culture on managers' understanding. Although the relationship between corporate governance and sustainability performance has been effectively mediated by the strategic orientation of managers, the researchers indicate that there are some other possible mediators that can better explain the effect of corporate governance characteristics on corporate sustainability performance levels, such as corporate culture. Future work may also be exploring other possible mediators.

In conclusion, this paper investigated the impact of corporate governance characteristics and organizational culture on strategic posture and sustainability performance. Furthermore, the indirect effect of corporate governance characteristics and organizational culture on sustainability performance through strategic posture was investigated as the main goal of the research. The findings showed that managers' strategic orientation moderated the impacts of organizational culture and corporate governance that consists of board size, board independence, ownership concentration, and institutional ownership, audit committee on sustainability performance. Besides, the organizational culture and corporate governance that consist of board size, board independence,
ownership concentration, and institutional ownership have impact on the sustainability performance level of firms.

Finally, in this review, the listed company was considered, as in Indonesian, sustainability reports are only mandatory for the listed companies in Bursa Indonesia. Consequently, when they are listed in Bursa Indonesia, the enculturation towards disclosure regarding sustainability results starts.

REFERENCES


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