

# Organizational Culture and Sustainability Reporting: The Mediating Effect of Management Commitment and Institutional Pressures

Nia Tresnawaty<sup>1\*</sup>, Gilbert Rely<sup>2</sup>, Heru<sup>3</sup>, Heri Setiawan<sup>4</sup>

<sup>1</sup>Department of Accounting, Faculty of Economics and Business, Universitas Dian Nusantara; Bekasi, Indonesia

<sup>2</sup>Department of Accounting, Faculty of Economics and Business, Universitas Bhayangkara Jakarta Raya; Bekasi, Indonesia

<sup>3</sup>Department of Accounting, Faculty of Economics and Business, Universitas Katolik Indonesia Atma Jaya; Jakarta, Indonesia

<sup>4</sup>Department of Management, Faculty of Economics and Business, Universitas Tanjungpura; Pontianak, Indonesia

\*Corresponding Author E-Mail: nia.tresnawaty@dosen.undira.ac.id

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## ABSTRACT

Sustainability reporting has evolved into a strategic instrument in modern corporate accounting, reflecting organizations' social and environmental responsibility to stakeholders. However, in developing countries, its implementation still encounters obstacles rooted in organizational culture values and norms that shape decision-making and ethical orientation. This study examines how organizational culture dimensions influence sustainability reporting through mediating variables, namely top management commitment and institutional pressures. The study involved 40 companies from Indonesia, Vietnam, the Philippines, and Malaysia, employing an explanatory quantitative approach with Structural Equation Modeling–Partial Least Squares (SEM-PLS). The findings indicate that clan and adhocracy cultures positively affect sustainability reporting quality, while market culture shows context-dependent effects influenced by competitive dynamics. In contrast, a hierarchical culture tends to hinder transparency in sustainability disclosures. This study contributes theoretically by expanding the understanding of organizational culture's role in sustainability accounting practices and offers practical implications for companies in developing countries to strengthen internal cultures that promote accountability and long-term sustainability.

**Keywords:** Adhocracy Culture, Clan Culture, Hierarchy Culture, Market Culture, Organizational Culture, Sustainability Reporting, Top Management Commitment.

## INTRODUCTION

Sustainability reporting has become an essential element in modern accounting practices, as it serves as a means for companies to demonstrate accountability to economic, social, and environmental aspects (Laine et al., 2021). Sustainability is no longer a moral issue, but a strategic part of long-term corporate governance. In developing countries, awareness of sustainability reporting continues to increase in line with pressure from global markets, investors, and society demanding greater transparency (Tauringana, 2021). However, the implementation of these practices often faces obstacles in the form of limited resources, weak regulations, and differences in organizational cultural values that affect the company's decision-making methods and ethical orientation (Waromi & Falah, 2025).

Organizational culture is an internal factor that determines the success of the implementation of sustainability reporting (Jaganjac et al., 2025). The values and norms that live in the organization shape the way of thinking, behaving, and responding to

external demands. In this context, the competing values framework model Gong et al. (2022) identifies four main types of culture: clan culture (collaborative), adhocracy culture (innovative), market culture (competitive), and hierarchy culture (bureaucratic). Each type of culture influences the way organizations view social responsibility and information disclosure. For example, clan and adhocracy cultures are believed to encourage openness and innovation in reporting, while market and hierarchy cultures are more focused on control and stability, which can hinder transparency (Chumaida & Sukoharsono, 2025).

Although many studies have highlighted external factors such as regulation and market pressures in driving sustainability reporting, the influence of internal factors such as organizational culture has not been comprehensively examined. Inadequate governance mechanisms, particularly weak monitoring and high managerial pressure, may foster opportunistic behavior that undermines transparency and accountability in reporting practices (Shodiq et al., 2025). Bhandari et al. (2022) reported that collaborative organizational cultures strengthen the quality of sustainability disclosure, whereas Sobkowiak et al. (2025) found that this influence is not significant in certain contexts. This difference indicates that there is a research gap that needs to be explored more deeply, especially in developing countries that have different social, economic, and institutional characteristics from developed countries.

In addition, there is still little research that considers mediating variables such as top management commitment and institutional pressures in explaining the relationship between organizational culture and sustainability reporting (Duffour, 2022). In fact, these two variables have the potential to strengthen or weaken the influence of organizational culture on the quality of disclosure. Top leadership commitments can be a key catalyst that turns cultural values into tangible actions in reporting practices, while institutional pressures from regulators and markets can force companies to adapt to global standards. Thus, an approach that combines internal and external factors will provide a more comprehensive understanding of organizational behavior in the context of sustainability.

This study sampled 40 companies from Indonesia, Vietnam, the Philippines, and Malaysia with similar developing economies and growing sustainability reporting but differing cultural contexts. Using a quantitative explanatory design, the relationships between latent variables were analyzed via SEM-PLS for accurate, in-depth testing. This study contributes by linking organizational culture and legitimacy theory in sustainability accounting, introducing a mediating model showing how internal culture and external pressures shape reporting. In practice, it enriches literature on Southeast Asia, a previously underrepresented region. It guides companies in developing countries to foster cultures supporting transparency, accountability, and innovation, helps management design culture-driven sustainability strategies, and informs policymakers on culturally sensitive reporting standards, offering strategic direction for integrating economic and socio-environmental performance.

Based on these research gaps, this study aims to investigate the reciprocal relationship between organizational culture and sustainability reporting in companies in developing countries. More specifically, this study analyzes how the four dimensions of organizational culture, clan culture, adhocracy culture, market culture, and hierarchy culture affect the quality and level of disclosure of sustainability reporting. The study also explores the role of the mediating of top management commitments and institutional pressures in strengthening or weakening these relationships.

## LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

### The Effect of Organizational Culture Dimensions on Sustainability Reporting

Adhocracy culture emphasizes creativity, innovation, and risk-taking in responding to uncertainty. In the context of sustainability reporting, this culture encourages organizations to develop more innovative, interactive, and technology-based reporting practices. Companies with an adhocracy culture tend to adapt more quickly to changes in global reporting standards, such as Global Reporting Initiative (GRI) Standards and

Environmental, Social, and Governance (ESG) frameworks (Ekberg & Khaniri, 2024). Their openness to experimentation and forward-looking thinking enables organizations to integrate sustainability principles into business strategies more effectively. Therefore, adhocracy culture can strengthen competitive advantage by encouraging innovative and value-added sustainability reporting for stakeholders.

Clan culture is characterized by a high level of kinship, collaboration, and trust among organizational members, where employee participation plays an important role in achieving shared goals. According to Iqbal and Parray (2025), organizations with a clan culture tend to have higher social awareness and are more open to sustainability reporting practices due to the values of togetherness and collective responsibility. Effective internal communication also supports a more efficient sustainability data collection and reporting process (Gao et al., 2022). In addition, this culture strengthens management's moral commitment to social responsibility, as organizational success is viewed as the result of harmony and cooperation among its members.

Hierarchy culture emphasizes stability, formal procedures, and strict control, which can support systematic and compliant sustainability reporting, but excessive bureaucracy may hinder innovation and transparency due to lengthy authorization processes (Zou, 2024; Ahmad et al., 2025). Meanwhile, market culture prioritizes performance, targets, and competitiveness, leading firms to use sustainability reporting as a reputational and strategic tool to attract stakeholders (Friske et al., 2023). However, when profit orientation dominates, reporting risks becomes merely symbolic or misleading, known as greenwashing, where positive information is emphasized while negative aspects are obscured (Khan et al., 2021). Therefore, both cultures require a balance between control, performance, and ethical values.

H1: Adhocracy culture has a significant effect on sustainability reporting.

H2: Clan culture has a significant effect on sustainability reporting.

H3: Hierarchy culture has a significant effect on sustainability reporting.

H4: Market culture has an effect on significant sustainability reporting.

### **The Effect of Top Management Commitment on Sustainability Reporting**

Top management commitment plays a critical role in shaping sustainability reporting practices, as it determines the strategic direction and allocation of organizational resources. Leaders who demonstrate strong commitment to sustainability are more likely to integrate environmental and social considerations into corporate strategies, promote green investments, and support the development of transparent reporting systems (Alemu, 2025). Empirical studies by Tetteh et al. (2024) indicate that top management commitment positively influences sustainability initiatives by fostering environmental strategies, Corporate Social Responsibility (CSR), and organizational practices aligned with sustainability goals. Furthermore, leadership engagement enhances the quality and extent of sustainability disclosure, as committed executives are more inclined to prioritize accountability and long-term value creation. This highlights that sustainability reporting is not merely a technical process, but a reflection of managerial values and strategic intent.

In addition to internal leadership, institutional pressures from regulators, investors, and society significantly influence sustainability reporting practices. These external forces encourage organizations to adopt standardized and transparent reporting to maintain legitimacy and stakeholder trust. Institutional expectations shape corporate behavior by creating norms that define sustainability practices as necessary and appropriate within the business environment (Friske et al., 2023). Companies tend to respond to such pressures by improving disclosure quality and aligning their reporting with stakeholder demands (Tetteh et al., 2024). Therefore, sustainability reporting emerges from the interaction between internal commitment and external pressure, indicating that organizational culture alone is insufficient without supportive leadership and a strong regulatory environment.

H5: Top management commitment has a significant effect on sustainability reporting.

### **The Effect of Institutional Pressure on Top Management Commitment**

Organizational culture is a set of values, beliefs, and assumptions that guide the behavior of organizational members in carrying out their activities (Bicer, 2022). In the context of sustainability reporting, organizational culture influences the extent to which a company is willing to disclose information related to economic, social, and environmental aspects, particularly when supported by digitalized reporting systems that enhance transparency and accuracy of disclosed information (Hendratni, 2025). According to ElKelish et al. (2025), an open and participatory organizational culture tends to encourage transparency in disclosure, while a rigid and bureaucratic culture often limits the flow of information. Research by Siyal et al. (2022) also shows that in developing countries, organizational culture is an important determinant in the successful adoption of sustainability practices, as it shapes how companies interpret social and environmental responsibility.

Beyond internal cultural factors, external forces such as institutional pressure also shape organizational behavior and strategic decisions. Institutional pressure from regulations, industry norms, and stakeholder expectations encourages organizations to align with widely accepted standards to maintain legitimacy. However, strong pressure may shift the focus toward compliance rather than genuine managerial commitment. For instance, Haldorai et al. (2025) explain that firms often adopt sustainability practices mainly to satisfy external expectations, while Arinaitwe et al. (2025) find that regulatory pressure can drive organizations to implement sustainability initiatives primarily to meet external requirements. Excessive pressure may also reduce proactive involvement from top management, as organizations tend to adopt practices for compliance purposes (Nirmal et al., 2025). As a result, managerial responses may become reactive rather than strategically driven, and institutional isomorphism may encourage firms to imitate industry practices for legitimacy, leading to symbolic rather than genuine managerial commitment (Huang & Huang, 2024; Lema & Mzenzi, 2025).

H6: Institutional pressure has a significant effect on top management commitment.

### **Top Management Commitment as a Mediating Variable**

The context of developing countries provides an important perspective on understanding sustainability reporting practices. Companies in Southeast Asia often face challenges such as limited resources, regulatory inequality, and low levels of sustainability literacy, which can hinder the implementation of sustainability initiatives (Tran et al., 2021). In this situation, organizational culture becomes an important adaptive mechanism that can compensate for weaknesses in formal institutional systems. Firms frequently rely on local cultural values, such as mutual cooperation, collective ethics, and social responsibility, to guide sustainability practices and organizational behavior (Wirba, 2024). Therefore, a contextual understanding of organizational culture is essential for developing effective sustainability strategies and improving transparency in sustainability reporting.

In addition to internal cultural factors, institutional pressure from regulations, industry standards, and stakeholder expectations also influences organizational engagement in sustainability practices. According to institutional theory, organizations often respond to such pressures to maintain legitimacy. However, these pressures do not always directly lead to organizational action, as the implementation of sustainability initiatives largely depends on the commitment of top management. Top management commitment plays a key role in translating external institutional demands into strategic organizational decisions. Empirical evidence by Annesi et al. (2025) highlights the importance of managerial commitment in translating institutional pressure into sustainability practices. Institutional pressure can influence sustainability initiatives through the support and commitment of top management, while Li (2025) emphasizes that the effectiveness of

ESG strategies largely depends on the extent to which top management integrates sustainability into organizational strategies. Furthermore, institutional pressures from public policies and environmental regulations may encourage environmental practices through the mediating role of top management support. Therefore, the impact of institutional pressure on sustainability reporting becomes stronger when supported by a strong commitment from top management.

H7: Top management commitment has a mediating effect between institutional pressure and sustainability reporting.

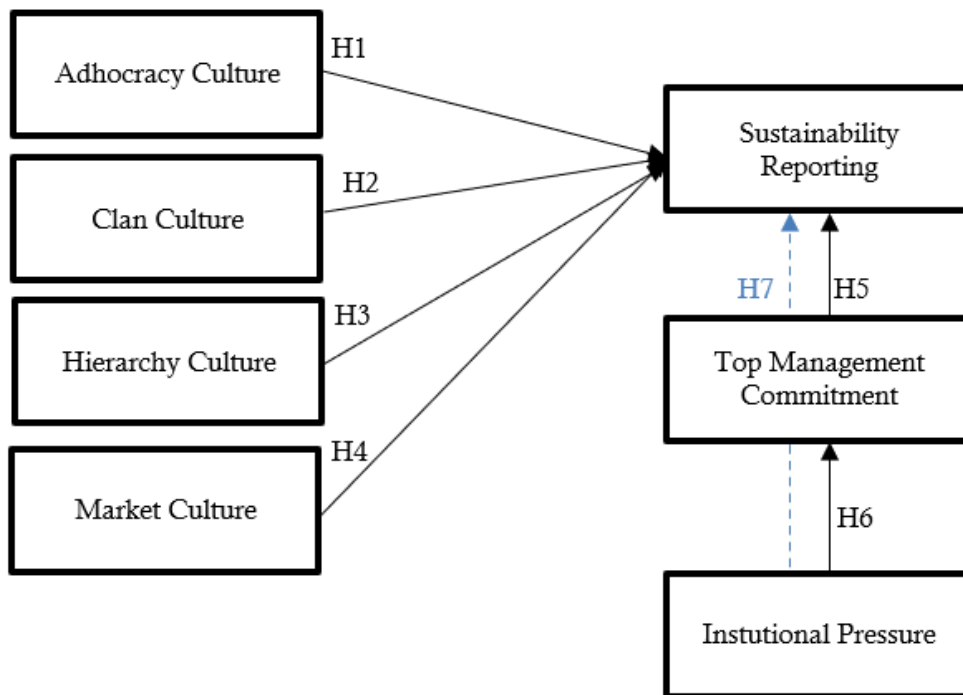


Figure 1. Research Framework

Figure 1 illustrates the research framework examining the determinants of sustainability reporting. The model proposes that adhocracy culture, clan culture, hierarchy culture, and market culture directly influence sustainability reporting, reflecting how different organizational cultural orientations shape sustainability disclosure practices. In addition, top management commitment and institutional pressure are also expected to directly affect sustainability reporting. Furthermore, institutional pressure is proposed to influence top management commitment, which in turn strengthens sustainability reporting. Top management commitment is modeled as a mediating variable in the relationship between institutional pressure and sustainability reporting.

## RESEARCH METHODS

This study employs a quantitative approach with an associative research type and a cross-sectional survey design (Hunziker & Blankenagel, 2024). The quantitative approach was selected to empirically test the relationship between organizational culture and sustainability reporting using objective and generalized numerical data. The cross-sectional design captures the current state of sustainability reporting practices across companies in developing countries, particularly in Southeast Asia. The study examines the influence of the four organizational culture dimensions, clan culture, adhocracy culture, market culture, and hierarchy culture, on the quality of sustainability reporting, while also analyzing the mediating role of top management commitment and institutional pressure in strengthening or weakening these relationships.

This study involved companies in Indonesia, Vietnam, the Philippines, and Malaysia that have adopted sustainability reporting across various sectors. Purposive sampling was conducted based on the criteria of a minimum five-year operational history, publication of reports within the last three years, and respondents involved in sustainability reporting. Forty companies were selected (10 per country). Data were collected through a 1–5 Likert scale questionnaire pretested on 20 respondents. The variables measured included organizational culture with indicators of clan, adhocracy, market, and hierarchy; sustainability reporting based on economic, social, and environmental aspects; top management commitment reflecting leadership support and a vision for sustainability; and institutional pressures consisting of coercive, normative, and mimetic pressures. The instrument was adapted from previous studies and adapted to the context of developing countries, then distributed online through Google Forms and professional networks during May–July 2025.

The research implementation was carried out through several systematic stages. The preparation stage included a literature review, instrument development, and content validity testing by three experts in sustainability accounting and organizational behavior. The data collection stage was conducted through an online survey targeting company respondents who met the predetermined criteria. The initial data processing stage involved checking missing values, identifying outliers, and examining descriptive data distribution. Subsequently, the model analysis stage was performed, which included the evaluation of the measurement model (outer model) and the structural model (inner model). All collected data were carefully screened to ensure completeness and reliability before proceeding to further analysis.

Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS software version 4.0. This method was selected because it is capable of testing direct and mediating relationships among latent variables with relatively small sample sizes (Chew et al., 2025). The analysis consisted of two main stages. The outer model evaluation assessed construct validity and reliability through convergent validity using loading factor values ( $>0.70$ ) and Average Variance Extracted (AVE) ( $>0.50$ ), while reliability was evaluated using Composite Reliability and Cronbach’s Alpha values ( $>0.70$ ). The inner model evaluation examined the relationships among latent variables using path coefficients, t-statistics, and p-values at a significance level of 0.05, along with  $R^2$  and  $f^2$  values to assess the explanatory power and predictive relevance of the model. To test the mediating effect, this study applied a two-stage analysis approach that allows the examination of interaction effects between organizational culture, top management commitment, and institutional pressure.

## RESULTS

The results of the outer loading test of each indicator against the construct. Values above 0.70 indicate good convergent validity, while indicators with values below 0.70 are considered weak and need to be reviewed.

Table 1. Outer Loading Construct Research & Construct Reliability and Validity

Construct	Indicator	Outer Loading	Cronbach’s Alpha	Composite Reliability 1	Composite Reliability 2	AVE
Adhocracy Culture (AC)	AC1	0.906	0.908	0.933	0.935	0.783
	AC2	0.915				
	AC3	0.870				
	AC4	0.846				
Clan Culture (CC)	CC1	0.904	0.899	1.009	0.925	0.754
	CC2	0.890				
	CC3	0.845				
	CC4	0.834				
Hierarchy Culture (HC)	HC1	0.918	0.913	0.919	0.945	0.852
	HC2	0.923				
	HC3	0.928				

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability 1	Composite Reliability 2	AVE
Institutional Pressure (IP)	IP1	0.913	0.833	-4.483	0.526	0.335
	IP2	0.241				
	IP3	0.336				
Market Culture (MC)	MC1	0.933	0.909	0.939	0.942	0.844
	MC2	0.878				
	MC3	0.944				
Sustainability Reporting (SR)	SR1	0.969	0.968	0.969	0.977	0.913
	SR2	0.930				
	SR3	0.971				
	SR4	0.953				
Top Management Commitment (TMC)	TMC1	0.935	0.927	0.929	0.953	0.872
	TMC2	0.934				
	TMC3	0.933				

Table 1 shows that indicators with a value of >0.70 indicate good convergent validity, while INST2 and INST3 indicators of <0.70 indicate weak validity in the institutional pressure construct. Most indicators have high loading factor values, indicating that the construct has been measured consistently. Only the institutional pressure construct shows two indicators below the threshold limit, indicating a lack of reliability in the measurement. Cronbach's Alpha and Composite Reliability values should be >0.70 and AVE >0.50. All constructs have high reliability and good convergent validity, except for institutional pressure, which does not meet the minimum standards. This shows that, in general, the construct has been measured consistently and validly.

Table 2. Fornell-Larcker Criterion

Construct	Adhocracy Culture	Clan Culture	Hierarchy Culture	Institutional Pressure	Market Culture	Sustainability Reporting
Adhocracy Culture	0.885					
Clan Culture	0.091	0.869				
Hierarchy Culture	0.112	0.182	0.923			
Institutional Pressure	-0.216	-0.029	0.240	0.578		
Market Culture	-0.068	-0.154	-0.276	0.178	0.919	
Sustainability Reporting	0.518	0.304	-0.441	-0.270	0.372	0.945

Table 2 presents the results of the discriminant validity test using the Fornell–Larcker criterion. The findings indicate that each construct in the study, namely adhocracy culture, clan culture, hierarchy culture, market culture, institutional pressure, and sustainability reporting, has a square root of the Average Variance Extracted (AVE) (diagonal values) that is higher than its correlations with other constructs. This demonstrates that each variable possesses adequate discriminant validity, as it is empirically distinct from the others in the model. Therefore, all constructs meet the required criteria for discriminant validity, and the measurement model can be considered valid and suitable for further analysis.

Table 3 presents the collinearity statistics using the Variance Inflation Factor (VIF) values to assess the presence of multicollinearity among indicators. Most indicators exhibit VIF values below the recommended threshold ( $\leq 5$ ), indicating that multicollinearity is not a serious concern in the model. However, several indicators of sustainability reporting (SR1 and SR3) show VIF values exceeding 10, suggesting a high level of multicollinearity that may affect the stability and reliability of the estimates. Meanwhile, other indicators, including those related to adhocracy, clan, hierarchy, market culture, top management commitment, and institutional pressure, remain within acceptable limits. Therefore, although the model is generally free from collinearity issues, certain sustainability reporting indicators require further examination.

Table 3. Collinearity Statistics

Construct	Indicator	VIF
Adhocracy Culture (AC)	AC1	3.000
	AC2	3.446
	AC3	2.802
	AC4	2.555
Clan Culture (CC)	CC1	2.367
	CC2	2.616
	CC3	2.705
	CC4	2.652
Hierarchy Culture (HC)	HC1	3.243
	HC2	2.970
	HC3	3.222
Institutional Pressure (IP)	IP1	1.867
	IP2	1.863
	IP3	2.104
Market Culture (MC)	MC1	2.104
	MC2	2.571
	MC3	3.663
Sustainability Reporting (SR)	SR1	10.542
	SR2	4.460
	SR3	10.241
	SR4	6.856
Top Management Commitment (TMC)	TMC1	3.508
	TMC2	3.765
	TMC3	3.569

Once the measurement model is declared valid and reliable, the next stage is to test the inner model to see the strength of the relationship between the constructs. The test was conducted using a bootstrapping approach with 5,000 resamples.

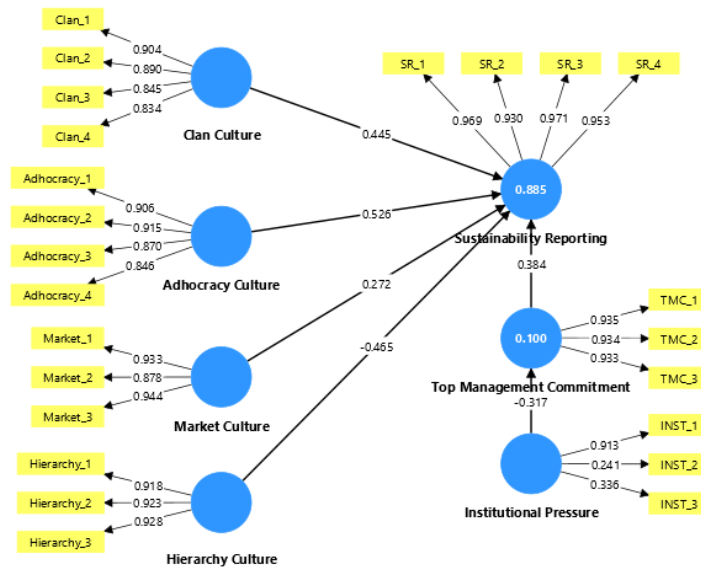


Figure 2. PLS-SEM Structural Model Research

The model in Figure 2 shows the direction of the relationship between the four dimensions of organizational culture towards sustainability reporting, with the variables of top management commitment and institutional pressure as mediating. The path from adhocracy, clan, and market culture to sustainability reporting shows a positive influence, while hierarchy culture has a significant negative influence.

Table 4 presents the effect size ( $f^2$ ) values, which indicate the magnitude of the influence of each exogenous construct on the endogenous constructs. The results show that adhocracy culture ( $f^2 = 2.351$ ), hierarchy culture ( $f^2 = 1.688$ ), clan culture ( $f^2 = 1.510$ ), and top management commitment ( $f^2 = 1.203$ ) have very large effect sizes on

sustainability reporting. Market culture also demonstrates a large effect ( $f^2 = 0.574$ ), although comparatively lower than the other cultural dimensions. In contrast, institutional pressure on top management commitment shows a small effect size ( $f^2 = 0.112$ ), indicating a relatively limited influence. These findings suggest that organizational culture dimensions and top management commitment play a substantial role in explaining sustainability reporting, while institutional pressure has a weaker impact on managerial commitment.

**Table 4.** Effect Size ( $f^2$ )

Path	$f^2$
Adhocracy Culture → Sustainability Reporting	2.351
Clan Culture → Sustainability Reporting	1.510
Hierarchy Culture → Sustainability Reporting	1.688
Institutional Pressure → Top Management Commitment	0.112
Market Culture → Sustainability Reporting	0.574
Top Management Commitment → Sustainability Reporting	1.203

Table 5 presents the coefficient of determination ( $R^2$ ), which indicates the extent to which the independent variables explain the variance of the dependent variables. The results show that sustainability reporting has an  $R^2$  value of 0.885 and an adjusted  $R^2$  of 0.868, meaning that approximately 88.5% of the variance in sustainability reporting is explained by the variables included in the model, indicating a very strong explanatory power. In contrast, top management commitment has an  $R^2$  value of 0.100 and an adjusted  $R^2$  of 0.077, suggesting that only about 10% of its variance is explained by the independent variables, which can be considered weak. Therefore, while the model demonstrates excellent explanatory power for sustainability reporting, it has relatively limited ability to explain top management commitment.

**Table 5.** Coefficient of Determination ( $R^2$ )

Construct	$R^2$	$R^2$ Adjusted
Sustainability Reporting	0.885	0.868
Top Management Commitment	0.100	0.077

Table 6 presents the path coefficients for direct effects, indicating the magnitude and significance of relationships among constructs in the model. The results reveal that adhocracy culture ( $\beta = 0.526$ ,  $p < 0.001$ ), clan culture ( $\beta = 0.445$ ,  $p < 0.001$ ), market culture ( $\beta = 0.272$ ,  $p = 0.001$ ), and top management commitment ( $\beta = 0.384$ ,  $p < 0.001$ ) have positive and significant effects on sustainability reporting. These findings suggest that stronger implementation of flexible, collaborative, and market-oriented organizational cultures, along with higher levels of top management commitment, leads to improved sustainability reporting practices.

**Table 6.** Path Coefficient

Path	Original Sample	Sample Mean	STDEV	t-statistic	p-value	Significance
Adhocracy Culture → Sustainability Reporting	0.526	0.511	0.080	6.562	0.000	Significant
Clan Culture → Sustainability Reporting	0.445	0.426	0.112	3.968	0.000	Significant
Hierarchy Culture → Sustainability Reporting	-0.465	-0.436	0.073	6.392	0.000	Significant Negative
Market Culture → Sustainability Reporting	0.272	0.268	0.082	3.309	0.001	Significant
Top Management Commitment → Sustainability Reporting	0.384	0.360	0.079	4.885	0.000	Significant
Institutional Pressure → Top Management Commitment	-0.317	-0.066	0.357	0.888	0.375	Insignificant

Path	Original Sample	Sample Mean	STDEV	t-statistic	p-value	Significance
Institutional Pressure → Top Management Commitment → Sustainability Reporting	-0.122	-0.022	0.135	0.898	0.369	Insignificant

In contrast, hierarchy culture exhibits a significant negative effect on sustainability reporting ( $\beta = -0.465$ ,  $p < 0.001$ ), indicating that rigid and bureaucratic organizational structures may hinder sustainability reporting. Meanwhile, institutional pressure does not have a significant effect on top management commitment ( $\beta = -0.317$ ,  $p = 0.375$ ). These findings highlight that internal organizational factors, particularly culture and managerial commitment, play a more prominent role in driving sustainability reporting than external pressures.

The specific indirect effect, the mediating role of top management commitment in the relationship between institutional pressure and sustainability reporting. The results indicate that the indirect effect is not statistically significant ( $\beta = -0.122$ ,  $t = 0.898$ ,  $p = 0.369$ ), suggesting that top management commitment does not mediate the relationship between institutional pressure and sustainability reporting. This finding implies that institutional pressure does not indirectly influence sustainability reporting through managerial commitment, reinforcing the notion that external pressures are not sufficiently strong to drive internal strategic responses within organizations.

## DISCUSSION

The value of adhocracy culture that emphasizes creativity and courage to take risks has been shown to have the strongest influence on improving the quality of sustainability reporting, as reflected in the highest coefficient values in the model ( $\beta = 0.526$ ;  $p < 0.001$ ). These results support the findings of Ilori et al. (2023), which state that organizations with innovative cultures are faster to adapt to global standards such as the GRI or ESG frameworks. In the context of global competition, innovation in reporting not only increases transparency but also becomes a strategic reputation tool. Therefore, adhocracy culture is an important element in strengthening organizational capabilities to face rapid and complex external changes.

Clan cultures that emphasize collaboration and internal loyalty have also been shown to contribute significantly to the quality of sustainability reporting ( $\beta = 0.445$ ;  $p < 0.001$ ). These findings indicate that companies with high levels of togetherness tend to foster a moral commitment to maintaining long-term relationships with employees and society. According to Efunniyi et al. (2024), a collaborative culture reinforces the internal and external trust that underpins the success of non-financial disclosures. Thus, clan culture reinforces the company's social legitimacy, making sustainability reporting not just a formal obligation, but part of collectively internalized organizational values.

In contrast, hierarchy culture has a significant negative effect on sustainability reporting ( $\beta = -0.465$ ;  $p < 0.001$ ). Bureaucratic and control-oriented cultures often suppress flexibility as well as inhibit more open reporting initiatives (Glerum et al., 2021). In the context of developing countries, this is exacerbated by hierarchical and centralistic organizational structures, where strategic decisions are often hampered by long chains of authorization. As a result, sustainability reporting has become rigid, and there is little innovation. Therefore, companies with hierarchical character need to balance internal control and reporting flexibility in order to meet the demands of global transparency.

Market culture shows a moderate positive influence on sustainability reporting ( $\beta = 0.272$ ;  $p < 0.01$ ). This indicates that competitively oriented companies tend to use sustainability reporting as a reputation tool and marketing strategy. These findings are in line with Lashitew (2021), who states that results-orientedness can drive sustainability disclosure when integrated with the ethical goals of the organization. However, if the market orientation is too dominant, the risk of greenwashing increases, so that the quality

of reporting becomes pseudo. Therefore, companies need to balance market pressure with ethical integrity so that reporting is not only symbolic but also substantive.

The top management commitment variable has a significant direct influence on sustainability reporting ( $\beta = 0.384$ ;  $p < 0.001$ ), emphasizing the importance of leadership in internalizing sustainability values into reporting policies and practices (Alemu, 2025). Top leaders who have a long-term vision will drive the integration of sustainability into corporate strategy through the support of internal resources and policies. However, the results also showed that institutional pressure did not have a significant effect on top management commitment ( $p = 0.375$ ), indicating that internal organizational strength was more dominant than external pressure in the context of developing countries. This condition indicates that cultural and leadership changes are the main drivers of sustainability reporting.

The results of the indirect effect test indicate that top management commitment does not function as a mediating variable in the relationship between institutional pressure and sustainability reporting, as evidenced by the non-significant coefficient ( $\beta = -0.122$ ;  $p = 0.369$ ). These findings suggest that regulatory, normative, and mimetic pressures have not been sufficient to drive sustainability reporting practices through managerial commitment. In other words, external pressures have not been effectively translated into strategic commitment by top management. This reinforces the argument that, in the context of developing countries, internal factors such as organizational culture and leadership play a more dominant role in influencing sustainability reporting (Tawfig & Kamarudin, 2021). The  $R^2$  value of 0.885 indicates that 88.5% of the variance in sustainability reporting is explained by the variables in the model, with the strongest effects observed in adhocracy and clan cultures (Atika & Simamora, 2024).

## CONCLUSION

This study finds that organizational culture, particularly adhocracy and clan cultures, has a positive and significant influence on sustainability reporting, while hierarchy culture has a negative effect, and market culture shows a moderate positive impact. Top management commitment is also found to significantly enhance the quality of sustainability reporting, whereas institutional pressure does not exhibit a significant effect, either directly or indirectly through mediation. These findings emphasize that internal organizational factors, especially cultural values and leadership, are the primary drivers of sustainability reporting practices in developing countries. The implications suggest that companies should foster innovative and collaborative cultures and strengthen top management commitment to effectively integrate sustainability into organizational strategies, thereby improving transparency and accountability.

However, this study has several limitations, including the low reliability of the institutional pressure construct, indications of multicollinearity among certain indicators, and a relatively small sample size, which limits the generalizability of the findings. Therefore, future research is recommended to refine measurement instruments, expand sample size and coverage across countries and industries, and employ multi-group and longitudinal approaches. Future studies may explore other variables, such as corporate governance or digitalization, to provide a more comprehensive understanding of the factors influencing sustainability reporting in developing countries.

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