

Determinants of Sustainability Reporting Practices Among Listed Industrial and Domestic Firms in Nigeria

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Abstract

Since environmental reporting is voluntary, sustainability disclosure practices among firms have been described as face-saving mainly to gain some competitive advantages with little or no concern about the green environment. What then may encourage an organization to disclose quality information about its impact on environment is an issue of concern. Thus, this study examined the factors that determine the level of sustainability reporting practices among listed industrial and domestic goods firms in Nigeria. It employed a cross-sectional research design to obtain data from randomly selected one hundred and ninety-two (192) senior managers of the target listed firms. The hypotheses of the study were tested using partial least square structural equation modeling (PLS-SEM). The result of the PLS-SEM revealed that corporate strategic posture and organizational culture have positive and significant effect on the level of sustainability reporting practice among listed industrial and domestic goods sector in Nigeria as supported by t-values of 3.097 and 2.993 with p-values of 0.024 and 0.000 respectively. However, the study found that institutional pressure has an insignificant negative effect on sustainability reporting as shown by t-value -0.656 with p-value of 0.512. Based on these findings, it is concluded that organizational characteristics in the context of corporate culture and strategic posture contribute to the level sustainability reporting practices of the listed industrial and domestic goods firms in Nigeria. Therefore, Firms are encouraged to integrate environmental issues into their core values and strategic vision. Environmentalists are also advised to promote the need to see environmental management as a culture and strategic direction within the corporate world and beyond.

Keywords: Strategic posture; Organization culture; Institutional Pressure Sustainability Reporting; GRI4



Introduction

The primary role of a firm is to consistently meet the aspiration of its owners through the return on investments. In performing this role, organization engage in various activities that contributes both positively and negatively to the society at large. Much of the positive impact range from generation of employment to government support through tax payment, while negative may not be many but strategic to the survival of the society. One commonly agreed negative impact of organization activities is the environmental hazards, carbon emission and other degradation of natural resources. The negative impacts of these activities are not only detrimental to community and economic development but have also lead to loss of homes, farmland and agricultural products.

The issues of how organization responds to its impact on society borders on the debate on corporate accountability. The main thrust of the debate is that companies should be alive to their responsibilities beyond the traditional role of providing a financial account to the owners (Gray, Owen & Adams, 1996). On this basis, corporate accounting should entail accounting for different aspects beyond economics event. It should entail accounting to different individuals or groups (Gray *et al.*, 1996). Although organizations are responding to the calls to be accountable beyond its primary, the quantities and quality of information supply on event beyond economic cannot be described to be encouraging as evident in the report of KPMG (2020). The report is of the view that the level of sustainability reporting among Nigerian companies is selective and scanty.

Sustainability reporting is a subject of concerns given the question of completeness and credibility of the information provided (Adams and Evans, 2004;). Disclosure practices among firms have been described as face-saving mainly to gain some competitive advantages with little or no concern about the green environment.

Various initiatives had been made to ensure that companies around the world disclose more information about their sustainability activities in the financial report. For instance, the Global Reporting Initiative (GRI) Index initiated by the World Bank in 2013 (GRI G3) had been reviewed in 2019 (now GRI G4) in order to ensure that the sustainability reporting is more encompassing. This Index has been adopted by companies in different countries of the world, Nigeria inclusive.

What then may encourage an organization to disclose quality information about its impact on environment, especially in a space where such disclosures are not regulated or mandatory. Appealing to the argument of contingency theory and institutional theory that organization respond to situation they find themselves (Brooks, 2009) and such dictate to large extent their various practices, corporate reporting in this context, this study investigated the extent to which contingency factors of corporate strategic posture, organization culture and institutional/stakeholders pressure influence sustainability reporting practices among listed industrial and domestic goods in Nigeria. In specific terms, the three research objectives of this study were to: establish the influence of corporate strategic posture (in the form of long term view of organization its environment) on sustainability reporting;



measure the degree at which organization culture (in context of environmental management practice) explain the level of sustainability reporting practices and ascertain the impact of institution pressure (from various stakeholders on environmental practices) on sustainability reporting of listed industrial domestic firms in Lagos Nigeria

Based on the extensive literature read and reviewed, most studies on sustainability reporting practices delve into how social and environmental accounting and reporting impact on companies' performance (Nwobu, 2015; Gunawan, 2018; Chang, et al., 2019; Martinez, et al., 2019; Okezie & Ihendinihu, 2019; Bello, et al., 2020) while others such : Dibia & Onwuchekwa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, et al., 2020) tested the relationship between sustainability reporting practices and factors such as company's size, age, profitability, leverage, corporate governance factors and Board attributes. Essentially, the second line of research bears relevance to this study, since they focused on what determine level of sustainability reporting practices among organization. However, this study provides a different look on determinants of sustainability reporting reporting practices from the lens of organizational behavioral factors (organization culture, strategic posture and stakeholder pressure). Thus, providing a new insight into corporate reporting and accountability practices.

Literature review

For the purpose of conceptual clarification, this study provides brief description of each of the variables along

with its theoretical framework and previous empirical evidences.

Conceptual clarification of the study variables

Sustainability reporting practice

Managements aimed at long-term survival of their companies. To achieve that, the company should not only focus on the short-term goals (financial performance) but also consideration of the environment in which they operate, hence sustainability activities. Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. It is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions (GRI, 2006).

World Bank Corporate Sustainability Development (2003) defined sustainable development reports as public reports by companies to provide internal and external stakeholders with a picture of corporate position and activities on economic, environmental and social dimensions. In short, such reports attempt to describe the company's contribution toward sustainable development. A one-size-fits-all approach does not work for sustainable development reporting. It is up to each company to determine the approach it wishes to take, depending on its situation and needs. In essence, sustainability reporting is described, for this study, as the disclosure of information



on the corporate activities as it affects environment and action taking to ensure such activities are strategically and sustainably managed. In this study, sustainability reporting was measured with emphasis on social, environment, economic and governance issues of firms as provided in the index of Global Reporting Initiatives 2019 (GRI 2019).

Corporate strategic posture

Organizations, especially the medium and large organizations needs strategic planning that can aid effective decision on both short and long-term survival of the organization as well as incorporating corporate social activities into their actions. In order to achieve this, firms are obliged to adopt a given strategic posture. Jogaratnam, Tse and Olsen (1990) define strategic posture as a firm's overall competitive orientation or the composition of competitive options that firms used within their industry. Strategic posture is created by corporations so as to synchronize anticipated corporate social reflections with organization vision and mission in order to show that organization participates in social responsibilities despite of it being guided by the wealth maximization principle (Njoroge, 2019). The management may create passive or active strategic posture. An active strategic posture ensures continued response to the prevailing environmental and community needs. A corporation's active participation on social needs will create a positive enterprise image. For the purpose of this study, strategic posture mean sacrificing short-term goal for long-term needs; communication within the organization on sustainability issues; incorporation of employees' empowerment; incorporation of

customers' feedback; and frequent review of product prices.

Organizational culture

Organizational culture is significant and complex as it is difficult to understand and use in a thoughtful way (Alvesson, 2013). Schein (2010) defines three levels of organizational culture: artefacts, including observable symbols, mission and vision statements; espoused beliefs and values, and basic underlying assumptions. Organizational culture is a set of structures, routines, rules, shared meanings, values, and norms that guide and constrain behavior (Schein, 2004). According to Daft *et al.* (2014) organizational culture is valued for performing two functions: to integrate organizational members so that they know how to relate to one another (internal integration) and to facilitate adaptation to the external environment (external adaptation). Organizational culture determines what behavior is acceptable and how power and status are allocated. Additionally, it guides internal and external working relationships and determines the way people communicate with each other (Daft *et al.*, 2014). Furthermore, a certain culture of an organization, with their visible and invisible aspects, differentiates an organization from other organizations (Suharti & Suliyanto, 2012). In this study, organizational culture was measured using attitudes, beliefs, norms, organizational capabilities, perspective, rules, strategy, symbols, and values attached to environmental management practices (e.g., Schein, 2010; Grayson *et al.*, 2018; Chaabane, 2019).

Institutional /Stakeholders pressure



The assumption behind most new institutional sociology (NIS) studies is that intra organization structure and procedure are largely shaped by external factors called institutions. In other word, choice of organization structure and practice are mostly informed by these institutions. Scott (1995 p. 33) defined institution as “consisting of cognitive, normative and regulative structures and activities that provide stability and meaning to social behaviors”. He maintains that “institutions are transported by various factors such as culture, structure and routine and they operate at multiple level of jurisdiction”. DiMaggio et al. (1983) assert that isomorphism is a term used to describe the alignment between organization arrangement and institution which explain through a process by which external institution permeates internal structure and procedure. Institutional isomorphism is classified into sub-categories of: coercive isomorphism that described the situation where institutional factors or pressure such as government policies, regulation, and other stakeholders exert force on the organization to adopt specific internal structure and procedure; mimetic isomorphism concern the situation where by organization emulates internal structure and procedures adopted by other organizations and normative isomorphism gave insight to the situation whereby organization adopted the structure and procedure advocated by particular dominant profession, profession bodies and consultant. Given the foregoing insight, institutional pressure in context of this study are those pressure emanating from various stakeholders as to the issue of environmental management and reporting.

Theoretical framework

Previous researchers had used relevant theories suggesting the relationship between various factors influencing the level of sustainability reporting. These theories include but not limited to contingency theory, stakeholders’ theory, agency theory, legitimacy theory and institutional theory. However, this study was guided by the assumptions of contingency theory and institutional theory.

Contingency theory is a behavioral theory developed by Woodward in 1958. This theory asserts that there is no best way to manage. Contingency theory can also be linked to the works of scholars such as Donaldson (1987) and Venkatraman (1989). The theory is a variant of Modern Organization Theory that has bearing with system model. Accordingly, the system model sees organization as a set of interrelated elements adapting to changes in the environment. Based on the system model postulate, contingency theory defines organization as a components of inter-dependent elements that must be adapted to different context to survive. Essentially, contingency theory asserts that there is no universal organization model or practices that fits with any situation rather, an organization must change in order to keep relevant within the system. The theory further assumes that similar organization practice may be adopted differently (Haque & Rehman, 2014). Donaldson (2001) argue that contingencies usually determine variants of organization practice.

In the context of this study, Corporate strategic posture, organization culture and institutional pressure are contingencies expected to motivate the rate at which



firm is disposed to the reporting about its sustainability practices. Therefore, firms that has already incorporate sustainability framework in its culture as well as having a good strategic planning for both short term and long-term survival of its operation would be willing to disclose more information about the sustainability activities of the firm to various users.

As regard to institutional theory, organizations are assumed to be influenced by external or internal pressures in forming their structure and other practices (Zucker, 1987). As such, adjustments to external expectations or social expectations result in the tendency of organizations to separate internal activities and focus on systems that are symbolic to external parties. Organizations that tend to gain legitimacy will tend to have similarities or isomorphism with others (Ridha & Basuki, 2012). Institutional theory gives the view that external pressures originating from the external environment of organizations such as politics, norms, institutional practices in the form of functional and social pressure, will affect the survival of an organization (Ashworth et al. 2007). Institutional theory is based on the idea that to survive, organizations must convince the public or society that the organization is a legitimate entity and is worthy of support. Institutional Theory illustrates three types of drivers (i.e., coercive, normative, and mimetic) that generate isomorphism in organizational strategies, structures and processes (DiMaggio & Powell, 1983). Coercive power arises from the pressures applied by those influential positions and these pressures are vital to driving organization practice (Kilbourne, Beckmann & Thelen, 2002). Normative pressures come in the form of professional standards or good

practices, most often presented by influential professional communities. Mimetic pressures imply that certain organizations carry out good or best practices in the environment, which is why other organizations follow such behavior. Mimetic occurs when organizations imitate the actions of a successful organization in the system, as an endeavor to follow the pathway and then legitimacy. On the basis of the foregoing argument, corporate organizations are expected to see the rate at which the society are echoing their common voice on the issue of environmental degradation mostly attributed to industrial activities as serious pressure they most respond through full disclosure on how they are ameliorating the effect of on the environment.

Previous empirical evidence and hypotheses development

Organization responses to its environments and requirements are mostly informed by many factors as usually argue in contingency literatures and this argument has also been empirically confirmed. Studies such as that of Naseem, Riaz, Rehman, Ikram and Malik (2017); Martínez-Ferrero and García-Sánchez (2017); Al-Shaer and Zaman (2017) and Hussain (2016) revealed these factors: board size, number of meeting, board independence, CEO duality and board level sustainability committee significantly influence sustainability disclosure of firms in United Kingdom, United States and Pakistan. Essentially, these studies findings can be said to have confirmed the importance of board in entrenching ethical corporate reporting practices. Aside, Dienes, Sassen and Fischer (2015) have



also asserted, through his extensive review of literature, firm size, media visibility and ownership structure as drivers of sustainability reporting practices among corporation in Germany. Based on this secondary information, it may be that big companies in term of asset and other resource at their disposal have capacity to engage in environmental reporting than small companies and that ownership structure with composition of foreign and institutional investors may engage may disclose more information about their impact on the environment and action taken to protect the environment

The relationship between performance of a company and sustainability reporting practices has also been empirically tested among firms. In this line of research, study of Arthur (2016) revealed that profitability increases the possibility of the mining companies disclosing more information about their sustainability reporting in Ghana while gearing ratio, working capital and firm's complexity have significant and negative influence on the level of sustainability reporting. Similarly, Ansong (2016) investigated the firm-level determinants of corporate sustainability reporting with evidence of positive relationship between managerial competence, financial performance and corporate sustainability reporting among small and medium-sized enterprises in Ghana. The study also found a negative relationship between leverage and corporate sustainability reporting. In Malaysia, Othman, Mohd Razali, Mohd Sazanuddin, Jaafar and Yushmadin (2017) has also affirmed that firm value, using company's stock price, has significant positive effect on CSR disclosure, while Nguyen, Tran, Nguyen and Lee (2017) provided evidence on the

influence of: profitability, financial leverage and firm size sustainable reporting practices of listed firms in Vietnam Stock Exchange.

Other recent studies on the relationship factors such as board independence, financial leverage, age, size, profitability, ownership structure, listing age, leverage and auditor type, concentrated ownership, managerial ownership, foreign ownership and audit committee independence and sustainability reporting practices are Okezie and Ihendinihu (2019), Ikpor, Bracci, Kanu, Ievoli, Okezie, Mlanga, and Ogbaekirigwe (2022), Hasan, Hussein and Aly (2022) and Ndum (2022). Specifically, Okezie and Ihendinihu (2019) showed that board independence, financial leverage and age were positively related to corporate social responsibility disclosure while profitability was found to exhibit a negative relationship with corporate social responsibility disclosure among Nigerian listed firms, using data covering the period of 2010- 2017. As for the study of Ikpor, Bracci, Kanu, Ievoli, Okezie, Mlanga, and Ogbaekirigwe (2022), evidence of significant positive influence of size, profitability, ownership structure, listing age, leverage and auditor types on sustainability reporting practices among listed was reported. Lastly, Hasan, Hussein and Aly (2022) study, through the deployment of logistic regression in analyzing obtained secondary data, revealed that firms with more gender-diverse boards, larger audit committees and higher institutional ownership are more likely to engage in sustainability reporting practices in Pakistani economy.

However, few studies have also been observed to have been carried out on the relationship between organizational



behavioral factors and sustainability reporting practices. Mink (2012) investigated the effects of organizational structure on sustainability report compliance and reported positive significant relationship while, Pennington (2014) explained out of the eighteen (18) tested individual cultural dimensions, seven (7) made a positive contribution to organizational commitment to sustainability. Ndum (2022) assessed the effect of Ownership Structure on Social Sustainability Reporting of Listed Oil and Gas firms in Nigeria from 2010 and 2020 and reported evidence of Ownership Structure having significant effect on Social Sustainability Reporting. Similarly, hwairef, Amran, Iranmanesh and Ahmad (2019) investigated the mediating effect of strategic posture on corporate governance and environmental reporting. The results show that managers' strategic posture mediates the impact of four aspects of corporate governance, namely, board size, board independency, CSR committee presence, and institutional ownership on environmental reporting among listed firms in Malaysia. Similar findings have been reported by the study of Shwairef, Amran, Iranmanesh and Ahmad (2019) and Njoroge (2019). In addition, Chaabane (2019) investigates whether or not organizational culture can contribute to the integration of CSR activities in order to differentiate it from competitors, by looking at four variables of organizational culture that were proven to increase the organizational performance; mission, adaptability, consistency, and involvement. Based on a survey of forty-three (43) companies in the Dutch oil and energy branch used as sample, the study found that organizational culture contributes to CSR integration positively.

Other studies such as Bello, Mohd Said, Johari and Kamarudin (2020) has explores the moderating effect of corruption control in strengthening the influence of firm attributes on corporate sustainability disclosure compliance in Nigeria. The study reported significant moderating effect of corruption control with selected firm attributes, namely; industry type, leverage and taxation in explaining variation in sustainability reporting practices.

Given the preceding evidence, this study put forward the following hypotheses:

H₁: Corporate strategic posture has no significant effect on sustainability reporting practices of listed industrial and domestic goods in Nigeria

H₂: There is no significant relationship between effect Organizational culture has significant effect on sustainability reporting practices of listed industrial and domestic goods in Nigeria.

H₃: Institutional pressure has no significant effect on sustainability reporting practices of listed industrial and domestic goods in Nigeria.

Research methods

This study's research objective was approached through cross-sectional design. Data was obtained across senior management staff of the twenty-two listed Industrial and Domestic Goods companies in Nigeria as at 31st August 2022. The activities of this sector were rated to be more impactful on the environment (Industrial Pollution Projection System, IPPS, 2017). The sampled senior managers of two hundred and twelve (212) were randomly selected from four hundred and fifty (450)



population of senior management extracted from the last annual corporate reports of the 22 companies. Specifically, emphasis was laid on the proportional representation of each companies in the process of selecting the sample size. The surveyed instrument has two sections. Section one dealt with Questions on the respondent profile while the second part focused on measurement questions on both independent and dependent variables. Nine measurement questions were developed through the lens of Global Reporting Index 4 (GRI4) of the world bank (2019) extract information on sustainability reporting practices, while for the three independent variables, relevant measurement questions were adopted where appropriate with some developed based on the defined conceptual domain for each variable. More precisely, seven measurement questions, reflecting firms' on various strategic practices in relation to environment were raised to extract data on the sampled companies' strategic posture. Six measurement questions were used to proxy for institutional pressure with emphasis on the level at which different stakeholders' interests are reflected in the firms' environmental management practices and finally five questions was developed to measure environmental management culture of the selected firms. Likert-scale response format was deployed to collect data on all the measurement questions in the instrument.

The obtained data was analyzed both descriptively and inferentially. In essence,

summary information about the respondent profile was generated in the form of measures of central tendency (mean, mode and median) while partial least square – structural equation modeling (PLS-SEM) regression analysis was used to make inference in the form of hypothesis testing. The choice of this analytical tool was informed by the nature of data obtained for this study. In other word, the instrument provide basis for robust analysis of data obtain for latent variables and as well allows for regression analysis of non-normally distributed data.

Results

Descriptive summary statistics of the respondents' profile were discussed in the first part of this section follows by diagnostic tests to ensure data quality, while the estimation of parameters to establish the extent to which strategic posture, organization culture and institutional pressure explain variation in sustainability reporting practices was carried through PLS-SEM.

Descriptive summary statistics of the respondents' profile

Two hundred and twelve (212) copies of questionnaire were distributed to the target respondents. Out of this, a total number of ninety-six (96) questionnaires were filled and duly returned. This represents ninety-one (91%) response rate.

**Table 1** Summary statistics of the respondents' profile

No	Item	Description	Frequency	Percent
1	Gender	Male	125	65
		Female	67	35
		Total	192	100
2	Age	Below 30 Years	0	0
		30-35 years	0	0
		36-40 Years	42	22
		41-45 Years	72	38
		46 years and above	78	40
		Total	192	100
4	Educational Qualification	HND/B.Sc.	120	63
		M.Sc./MBA	50	26
		Professional qualification	22	11
		Total	192	100
5	Work Experience	5-10 years	22	11
		11-15 years	40	21
		16-20 years	50	26
		26 years and above	80	42
		Total	192	100

Source: Author's Computation, 2022

The results in table 1 reveal One hundred and twenty-five (125) of the respondents were male representing 65% while sixty-seven (67) respondents were female which constitute 35% of the total respondents. It also shows that none of the respondents fall within the age bracket below 30 to 35 years; forty two (42) respondents fall within the age bracket of 36-40 years representing 22%; seventy-two (72) respondents fall within the age bracket of 41-45 years representing 38%; while seventy-eight (78) respondents are 41 years and above representing 40% of the total respondents. This shows that most the sample respondents are matured enough to provide relevant response to the items of the questionnaire. It is also observed in the table that One hundred and twenty (120) respondents have HND/B.Sc. which represents 63% of the total respondents; fifty (50) respondents

have M.Sc./MBA which constitutes 26% of the total respondents, while twenty-two (22) respondents have professional qualifications. This represents 11% of the total respondents. As for the working experience, twenty-two (22) respondents have working experience between 5-10 years representing 11%; forty (40) have working experience between 11-15 years which constitute 21% of the respondents; fifty (50) respondents have working experience between 16-20 years which constitute 26%; while eighty (80) respondents have working experience of 21 years and above representing 42% of the total respondents. This implies that the obtained data was reliable since most of the respondents have been with companies for considerable number of years.



Diagnostic tests

The result of the multi-collinearity test is presented in table 2 while other related tests (Validity and reliability tests) of the

obtained data are presented along with regression results because of the statistical technique deployed for the hypotheses testing in section 4.1.3.

Table 2 Correlation matrix

	SR	CSP	OC	IP
SR	1.0000			
CSP	0.3325	1.0000		
OC	-0.2596	0.0127	1.0000	
IP	-0.2867	-0.1438	0.2099	1.0000

Source: Author's Computation, 2022.

It could be deduced from the result in table 2 that the variables with highest collinearity is 0.3325 which is between sustainability reporting and corporate strategic posture and the lowest collinearity is -0.2867 as shown between organizational culture and sustainability reporting. Therefore, it could be seen that there is no problem of multi-collinearity among the independent variables as all the variables have figures less than the threshold of 0.8.

Estimation of parameters using PLS-SEM

PLS-SEM approach to hypothesis testing ensures that the research instrument is firstly evaluated for reliability and validity of the construct prior to drawing conclusion regarding relationship

between dependent and independent variables. The test for reliability and validity is carried out through the assessment of the reflective measurement model, while test of relationship between outcomes and predictors is achieved through an assessment of structural model.

Assessment of measurement model

Measurement model concerns with the test of internal consistency reliability and construct validity using convergent and discriminant validity tests.

Internal consistency reliability

The internal consistency reliability for all the construct was tested through composite reliability and Cronbach's alpha.



Table 3 Summary of the measurement model (Composite Reliability and Average Variance Extracted)

Construct	Items	Loadings	Cronbach	Composite	AVE
Strategic Posture	SP1	0.142	0.792	0.848	0.554
	SP2	0.787			
	SP3	0.663			
	SP4	0.798			
	SP5	0.920			
	SP6	0.174			
	SP7	0.826			
Organizational Culture	OC1	0.715	0.75	0.847	0.56
	OC2	0.715			
	OC3	0.794			
	OC4	0.357			
	OC5	-0.155			
Institutional Presure	IP1	0.886	0.936	0.951	0.796
	IP2	0.944			
	IP3	0.816			
	IP4	0.909			
	IP5	0.901			
Sustainability Reporting	SR1	0.844	0.904	0.921	0.57
	SR2	0.835			
	SR3	0.850			
	SR4	0.779			
	SR5	0.577			
	SR6	0.787			
	SR7	0.558			
	SR8	0.724			
	SR9	0.774			

The results in table 3 shows that the items used in the questionnaire are reliable as the composite reliability values for each latent variable is greater than the benchmark of 0.70. The latent variable with the least composite reliability values is organizational culture which has a value of 0.847 while the largest composite reliability value is organizational structure with composite reliability of 0.951 indicating each individual item in the subscale correlated with sum of the remaining items.

Convergent and discriminant validity

In reference to table 3, the reported Average Variance Extract (AVE) for all the research variable (SP :0.55, OC:0.56, IP:0.80, SR:0.57) were above the threshold of 0.5, all measurement items can be described to have validly measured the underlying traits of each variable (high level of convergent validity).



Table 4 Discriminant validity (Fornell-Larcker Criterion)

Construct	OC	IP	SP	SR
OC	0.761			
IP	0.674	0.892		
SP	0.576	0.506	0.684	
SR	0.623	0.651	0.580	0.755

Source: Author's Computation, 2022

It is evident in Table 4 that all measures for constructs are not highly correlated to other as confirmed by the results of the Fornell-Larcker criterion assessment with the reflective construct OC has a value of 0.761 for the square root of its AVE. This value is higher than the IP (0.674), SP (.576) and SR (0.623). As for the reflective construct of IP, it has a value of 0.892 for the square root of its AVE which

is greater than SP (0.506) and SR (0.651). The square root of AVE for SP is 0.684 which is greater than SR (0.580) and SR has a value of 0.742 for the square root of its AVE. Further to the results of the Fornell- Larcker criterion, Figure 1 shows the cross-loadings for each indicator which reflected on four different latent constructs (i.e. OC, OS/IP, SP, and SR).

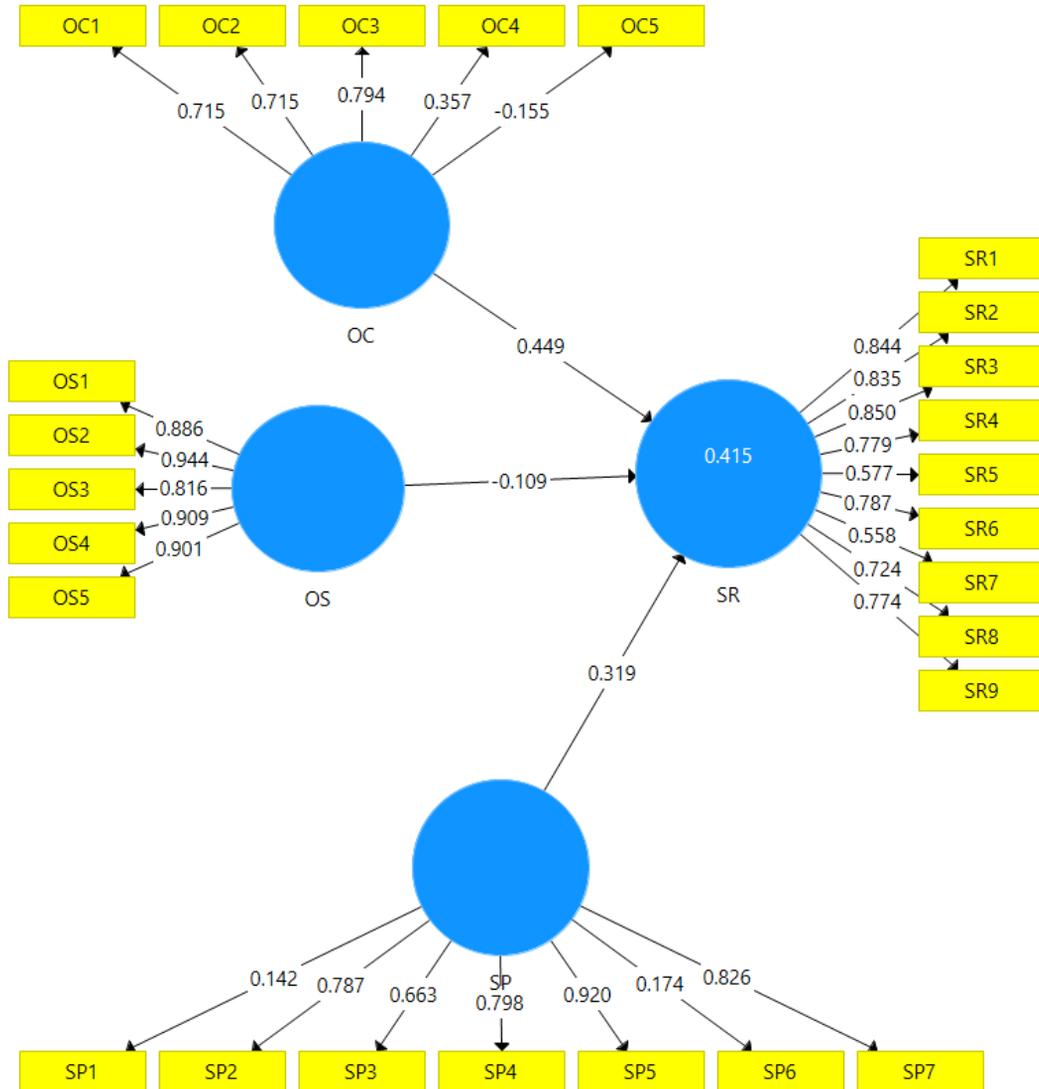


Figure 1 Cross-Loading of the Latent Variables

The results in figure 1 indicate that SR1 to SR9 have factor loadings greater than 0.5. The factor loadings of SP2 to SP5 have loading factors greater than 0.5 except for SP1 which has factor loading of 0.142 which is lower than the benchmark of 0.5. This led to dropping of CSP1 in the hypothesis of the study.

In addition, the factor loading of OC1, OC2 and OC3 have loading factor of 0.715; 0.715; and 0.794 respectively but OC4 and OC5 have loading factors less than 0.5 hence dropping of OC4 and OC5. Furthermore, the result in figure 2 revealed that all the loading factors of OS1 to OS5 have ranges between 0.816 and 0.944 which are greater than 0.5. Base



on the rule of thumb, factor loading below 0.50 were removed to achieve high level of discriminant validity.

Assessment of significance of the structural model and hypotheses testing

Evaluation of structural model of the Partial Least Square-Structure Equation Model entail the test significant of the path coefficient, the coefficient of determination (R^2) and coefficient of prognostic relevance(q^2) to test the study hypotheses. The reported results in table 5 provide information that informed decision on the three null hypotheses for this study.

In relation to null hypothesis one (Corporate strategic posture does not significantly lead to high level of sustainability practices), the result indicated significant positive relationship between corporate strategic posture and sustainability reporting practices among listed industrial and domestic companies in Nigeria, given $\beta= 0.319$, $t= 3.097$, $p< 0.05$, and therefore the study failed to accept the Null Hypothesis. Similarly, statistical evidence shows that a significant positive relationship exists between organization culture and sustainability reporting practices among listed industrial and domestic companies in Nigeria ($\beta= 0.449$, $t= 2.993$, $p< 0.05$). This results also provides a basis for the rejection of the null hypothesis two.

Table 5 Results of the Regression Analysis

Variables	Standard Beta	Standard Deviation	T-statistics	p-value	Q^2
SP → SR	0.319	0.103	3.097	0.024	0.266
OC → SR	0.449	0.150	2.993	0.000	0.131
IP → SR	-0.109	0.166	-0.656	0.512	0.161
R square			0.415		

Source: Author's Computation, 2022

As for the null hypothesis three (IP has no influence on the level of sustainability practices) the reported statistical evidence ($\beta= -0.109$, $t= -0.656$, $p>0.05$) confirmed no significant positive relation between Institutional pressure and sustainability reporting practices among listed industrial and domestic companies in Nigeria. The significant tests for this study was obtained through standard bootstrapping procedure with several 5000 bootstrap samples and 203 cases to assess

significance of the path coefficients (Hair et al., 2014).

The goodness of fit for reported structural model was assessed through the reported squared (R^2), Adjusted R-Square and Predictive relevance (Q^2). As indicated in Table 5, the research model explains 42% % of the total variance in the level of sustainability reporting practices, suggestive of substantially fit structural model, while the Q^2 values of 0.266; 0.131; and 0.161 for strategic posture,



organizational culture and institutional pressure respectively. This indicates that the model has a predictive relevance.

Discussion of findings and conclusion

Based on the evidence established, the level of sustainability reporting practices can be described to be a function of contingency factors in context of objectives of this study. Accordingly, corporate strategic posture considerably contributes to the level at which corporate organization disclose information on their sustainability practices. As long as organization strategic posture concern with how to maintain and sustain its markets shares, disclosure of information about contemporary issues like environmental management will be of great concern to such firms. Aside, firms' practice of disclosing information about how its activities is impacting on the environment can be said to see this as strategic initiative to maintain its markets shares among competitors. This is in support of studies by Penington (2014); Quartey and Oguntoye (2019); and Shwairef, *et al.* (2019) whose findings also affirmed the extent of influence strategic posture has on the level of environmental information disclosure. Essentially, they all confirmed that corporate strategic posture gives firms opportunity to incorporate sustainability issues in their long-term planning hence high level of compliance with sustainability reporting practices.

The observed evidence has also shown the degree at which corporate culture in relation to environmental management promote the level of corporate

sustainability reporting practices. Expectedly, whatever an entity belief, it is usually reflect in their both internal and external dealings. As such, a firm that emphasis good environmental practices into their everyday affairs will not hesitate to disclose comprehensive information about how its environment are being managed and protected from time to time. This finding align with the Abbett, *et al.* (2010); Ali *et al.* (2017); Kilic, *et al.* (2019); Chang, *et al.* (2019 and Chaabane (2019) reported findings. And as well confirms the prediction of contingency theory that organization practices are mostly the reflection of their characteristics.

Since enough evidence was not obtained as to the relationship between institutional pressure and sustainability reporting practices, other previous studies findings cannot be disputed along with the argument of institutional theory.

Reflecting on these findings, it is concluded that organizational characteristics in the context of corporate culture and strategic posture, to a greater extent, contribute to the level at which firms disclose information on how their activities affect environment and their commitment to minimize the impact of its operations on the environments. Therefore, Firms are encouraged to integrates environmental issues into their core values and strategic vision. Environmentalists are also advised to promote the need to see environmental management as a culture and strategic direction within the corporate world and beyond.

From theoretical standpoints, this study contributes to green accounting literatures through the empirical evidence that what influence sustainability reporting



practices among firms go beyond regulatory requirement and thus, stakeholders can influence this practices by giving attention to behavioural stand of organization. In practical term, this study reveal that voluntary green disclosure practices are possible given the orientation of firms as a corporate citizen.

Since environmental issues or sustainability question is pervasive among organization irrespective of their nature, study of this nature may be extended to other sectors (Agricultural industry, construction and extractive industries) to provide more empirical evidences across organizations.

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